

EXHIBIT NO: #22
WITNESS: Prane
DATE: 9-25-18
THOMPSON COURT REPORTING INC.

DIRECT TESTIMONY OF
CARLETTE L. WALKER
ON BEHALF OF
SOUTH CAROLINA ELECTRIC & GAS COMPANY
DOCKET NO. 2015-103-E

1 **Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.**

2 A. My name is Carlette L. Walker. My business address is Highway 215 &
3 Bradham Boulevard, Jenkinsville, South Carolina.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by SCANA Services, Inc. as Vice President for Nuclear
6 Finance Administration. I am testifying on behalf of South Carolina Electric &
7 Gas Company ("SCE&G" or the "Company").

8 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
9 **EXPERIENCE.**

10 A. I am a 1981 graduate, cum laude, of the University of South Carolina with a
11 Bachelor of Science Degree in Accounting. Following graduation, I worked for
12 two years in public accounting and became licensed as a Certified Public
13 Accountant in the State of South Carolina. In 1983, I joined SCE&G's Internal
14 Audit Department. After four years in Internal Audit, I accepted an accounting
15 supervisory position with South Carolina Pipeline Corporation ("SCPC"). In
16 1994, I was promoted to Manager of SCPC's accounting department, and in 1997,

1 I was promoted to the position of Controller for that company. In 1998, I accepted
2 the position of SCE&G's Assistant Controller - Electric Generation, and in 1999 I
3 was promoted to Assistant Controller - SCE&G. Effective in 2002, my
4 responsibilities as Assistant Controller were increased to include all SCANA
5 regulated subsidiaries. In 2006, I was promoted to Corporate Compliance and
6 Ethics and Audit Officer. In 2009, I assumed my current position as Vice
7 President for Nuclear Finance Administration. I am currently a member of the
8 American Institute of Certified Public Accountants and the South Carolina
9 Association of Certified Public Accountants.

10 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION IN THE**
11 **PAST?**

12 **A.** Yes. I have testified before the Public Service Commission of South
13 Carolina (the "Commission") in several past proceedings.

14 **Q. HAVE YOU TESTIFIED BEFORE THE COMMISSION IN PREVIOUS**
15 **PROCEEDINGS FILED BY THE COMPANY UNDER THE BASE LOAD**
16 **REVIEW ACT?**

17 **A.** Yes. I testified in Docket No. 2009-293-E, Docket No. 2010-376-E, and
18 Docket No. 2012-203-E filed by the Company under the Base Load Review Act
19 ("BLRA"). I respectfully ask that the Commission take judicial notice of its own
20 files in those three previous dockets and receive as evidence in this case my
21 prefiled testimony and exhibits as such testimony and exhibits were accepted into
22 the evidence of record in each of these dockets.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present the accounting, budgeting and forecasting information related to the updates in cost schedules proposed in this proceeding. As part of my testimony, I sponsor the following exhibits:

- Exhibit No. __ (CLW-1), which is an updated schedule of capital cost for construction of V.C. Summer Nuclear Station Units 2 and 3 (the “Units”). This exhibit is identical to Exhibit 2 to the Petition. If approved by the Commission, this schedule would then become the approved capital cost schedule for the Units under the Base Load Review Act, taking the place of and superseding Exhibit F as approved in Order No. 2009-104(A), Order Exhibit No. 2 as approved in Order No. 2010-12, Order Exhibit No. 1 as approved in Order No. 2011-345, and Order Exhibit No. 1 as approved in Order No. 2012-884.
- Exhibit No. __ (CLW-2), which is identical to Exhibit 3 to the Petition and shows the relative changes to the capital cost schedule comparing the updated schedule of capital cost to the schedule approved in Order No. 2009-104(A), and updated by Order Nos. 2010-12, 2011-345, and 2012-884.
- Exhibit No. __ (CLW-3), which is identical to Exhibit No. 4 of the Petition and provides a summary reconciliation of the changes in forecasted cost shown in Exhibit No. __ (CLW-1) to those approved in Order No. 2012-

1 884, as well as a comparison of the escalation indices in effect under Order
2 No. 2012-884 to those currently in effect.

- 3 • Exhibit No. __ (CLW-4), which summarizes the original capital cost
4 approved in Order No. 2009-104(A), each of the subsequent capital cost
5 schedule changes, and the change requested in this proceeding broken
6 down according to the nine cost categories recognized in the Commission's
7 BLRA orders.
- 8 • Exhibit No. __ (CLW-5), which shows the changes in forecasted cost
9 broken down according to the nine cost categories recognized in the
10 Commission's BLRA orders, as well as the changes in cost broken down
11 into the categories and subcategories of the previously described cost
12 adjustments.
- 13 • Exhibit No. __ (CLW-6), which reflects the increased cost for the New
14 Nuclear Deployment ("NND") and non-NND cost centers that SCE&G
15 anticipates will charge cost to the project and which identifies the delay,
16 non-delay, and total cost impacts for each functional area.
- 17 • Exhibit No. __ (CLW-7), which reflects the increased cost for the NND and
18 non-NND cost centers that SCE&G anticipates will charge cost to the
19 project and which identifies the labor, non-labor, and total cost impacts for
20 each functional area.

1 **Q. WHAT REQUEST IS THE COMPANY MAKING IN THIS DOCKET**
2 **WITH REGARD TO THE CAPITAL COST SCHEDULE?**

3 A. SCE&G is requesting that the Commission approve Exhibit No. __ (CLW-
4 1) as the updated and approved capital cost schedule for the construction of the
5 Units going forward.

6 **Q. WHAT IS THE AUTHORITY FOR THIS REQUEST?**

7 A. As the South Carolina Supreme Court recognized in its opinion in *South*
8 *Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n*, 388 S.C.
9 486, 697 S.E.2d 587 (2010) ("2010 BLRA Supreme Court Opinion"), changes to
10 the approved capital cost schedule are authorized under S.C. Code Ann. § 58-33-
11 270(E). Under that statute, modifications to the approved schedule of capital cost
12 are appropriate so long as they are not the result of imprudence by the utility.

13 **Q. HAS THE COMPANY PREVIOUSLY REQUESTED THAT THE**
14 **COMMISSION APPROVE CHANGES TO THE CAPITAL COST**
15 **SCHEDULE OF THE PROJECT?**

16 A. Yes. The Company has requested approval to revise the capital cost
17 schedule on three prior occasions, in Docket Nos. 2009-293-E, 2010-376-E, and
18 2012-203-E. In each instance, the Commission approved the requested change
19 and determined that the adjustments were reasonable and prudent. Exhibit No. __
20 (CLW-4) summarizes the original capital cost approved in Order No. 2009-
21 104(A), each of the three subsequent capital cost schedule changes, and the change

1 requested in this proceeding broken down according to the nine cost categories
2 recognized in the Commission's BLRA orders.

3 **Q. PLEASE DESCRIBE HOW YOU WILL DISCUSS THE ADJUSTMENTS**
4 **TO THE CAPITAL COST SCHEDULE SCE&G SEEKS APPROVAL TO**
5 **MAKE IN THIS PROCEEDING.**

6 A. My testimony will address each of the adjustments the Company proposes
7 to make in this proceeding. As shown in Chart A, below, these changes, which
8 revise, modify, and update the schedules that were approved in Order No. 2009-
9 104(A) and updated in Order Nos. 2010-12, 2011-345, and 2012-884, reflect an
10 increase to the Total Base Project Cost in 2007 dollars of approximately \$698
11 million. After accounting for escalation rates updated as of July 2014 and
12 Allowance for Funds Used During Construction ("AFUDC"), as provided for in
13 Order No. 2009-104(A), the gross construction cost of the Units is projected to
14 increase approximately \$1.07 billion.

15
16
17 **[CHART A IS ON THE FOLLOWING PAGE]**
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Chart A

| <u>ANALYSIS OF UPDATED PROJECT COST</u> | | |
|---|---|---------------------|
| <u>(\$000)</u> | | |
| Updated EPC Contract Cost | | |
| 1 | Delay and Other EAC Cost | |
| 2 | Delay Cost | \$ 228,138 |
| 3 | Revised Productivity and Labor Ratios | \$ 154,779 |
| 4 | Additional Time and Materials Scope of Work | \$ 27,411 |
| 5 | Total Delay and Other EAC Cost | \$ 410,328 |
| 6 | Liquidated Damages | \$ (85,525) |
| 7 | Total Delay and Other EAC Cost (net of Liquidated Damages) | \$ 324,803 |
| 8 | Changes to the EAC Cost Due to Design Finalization | \$ 71,899 |
| 9 | Changes in EPC Cost Due to Change Orders | \$ 56,540 |
| 10 | Switchyard Cost Reallocation | \$ (107) |
| 11 | Total EPC Cost | \$ 453,136 |
| Owners Cost Revisions Associated with Delay | | |
| 12 | Owner's Labor Cost Revisions Associated with Delay | \$ 125,279 |
| 13 | Owner's Risk Insurance and Workers Compensation Insurance | \$ 30,101 |
| 14 | Additional Information Technology ("IT") Cost Associated with Delay | \$ 6,504 |
| 15 | Facilities Cost Increases Associated with Delay | \$ 6,071 |
| 16 | Other Owner's Cost Associated with Delay | \$ 46,351 |
| 17 | Total Owner's Cost Associated with Delay | \$ 214,307 |
| Owner's Cost Increases Not Associated with Delay | | |
| 18 | Additional NND Staff | \$ 7,535 |
| 19 | NRC Fees | \$ 7,094 |
| 20 | Other IT Cost | \$ 3,309 |
| 21 | Other Owner's Cost Not Associated with Delay | \$ 12,851 |
| 22 | Total Owner's Cost Not Associated with Delay | \$ 30,789 |
| Total Base Project Cost (2007 \$) | | \$ 698,233 |
| Change in Project Escalation | | \$ 332,042 |
| Change in AFUDC | | \$ 42,075 |
| Gross Construction Cost (Current \$) | | \$ 1,072,350 |
| Note: Totals may not add due to rounding | | |

1 **Q. WHAT IS THE EFFECT OF THESE PROPOSED MODIFICATIONS AND**
2 **UPDATES?**

3 A. These modifications and updates increase the approved Total Base Project
4 Cost for the Units in 2007 dollars from \$4.5 billion as approved in Order No.
5 2012-884 to \$5.2 billion.¹ The effect of these modifications and updates on the
6 nine cost categories recognized in the Commission's BLRA orders and the
7 categories and subcategories of the previously described cost adjustments is
8 reflected in Exhibit Nos. __ (CLW-4) and __ (CLW-5). As shown in Exhibit No.
9 __ (CLW-1), these modifications and updates, along with changes in escalation
10 rates and AFUDC, increase the gross construction cost of the Units from \$5.8
11 billion, as projected in the financial schedules that were approved in Order No.
12 2012-884, to \$6.8 billion in current dollars.

13 I would note that these projections do not include any unidentified or un-
14 itemized Owner's contingency funds. The current projections also reflect current
15 forecasts of escalation impacts which the Company will update quarterly as
16 required by Order No. 2009-104(A).

17 **Q. WHY IS THE CAPITAL COST OF THE PROJECT AFFECTED BY**
18 **CHANGES IN THE ESCALATION RATES?**

19 A. As discussed by Company witnesses in Docket No. 2008-196-E and
20 subsequent update proceedings, the cost for the project is broken down into nine

¹ Unless otherwise specified, all cost figures in this testimony are stated in 2007 dollars and reflect SCE&G's share of the cost of the Units.

cost categories. Certain cost categories are escalated using the Handy-Whitman South Atlantic Region All Steam Generation Plant Index, All Steam & Nuclear Generation Plant Index, and Total Transmission Plant Index. The Commission recognized in Order No. 2009-104(A) that these inflation indices are well-recognized and commonly used in the utility industry to estimate the cost of constructing facilities and approved their use to determine the escalation amount relative to specific cost categories. In accordance with Order No. 2009-104(A), the Company updates these rates as required in its quarterly updates. Exhibit No. __ (CLW-3) reflects the most current Handy-Whitman inflation indices available at the time the Company filed its Petition in this proceeding. These indices are referenced in the July 2014 update.

I. UPDATED EPC CONTRACT COST

Q. PLEASE ITEMIZE THE UPDATE RELATED TO THE EPC CONTRACT.

A. The Revised Cash Flow Forecast that Westinghouse Electric Company ("WEC") and Chicago Bridge and Iron ("CB&I," and together with WEC, "WEC/CB&I") provided to SCE&G indicates that the Estimated at Completion ("EAC") cost for the project has increased. The revisions to the EAC cost are in the EPC Contract categories of Target and Time and Materials cost. For these categories, WEC/CB&I invoices SCE&G for its actual cost plus contractually determined overhead and margins under the terms of the EPC Contract. However, the Company has recently informed WEC/CB&I that, under its interpretation of the EPC Contract, properly invoiced but disputed amounts are subject to partial

1 payment of 90% of properly invoiced amounts until such disputes have been
2 resolved.

3 **Q. WHAT IS DRIVING THE MODIFICATIONS AND UPDATES TO THE**
4 **EPC CONTRACT COST?**

5 A. As Mr. Byrne and Mr. Jones discuss in more detail, WEC/CB&I informed
6 SCE&G that the substantial completion dates of Units 2 and 3 ("Substantial
7 Completion Dates") will be delayed by 27 and 25 months, respectively from the
8 currently approved schedule. As a result of the delay, WEC/CB&I revised its
9 forecast of the EAC cost to reflect the additional labor and related cost that it
10 contends SCE&G is obligated to pay and that it asserts are necessary to maintain
11 the updated construction schedule. In addition, the forecast reflects the cost
12 associated with reduced productivity and increased staffing ratios for the project.
13 WEC also projects that the EAC cost will increase due to the cost associated with
14 additional Time and Materials scopes of work that WEC forecasts will be
15 necessary to staff the start-up of the Units and to provide for the processing of
16 License Amendment Requests ("LARs") to support construction. The cost
17 forecast also includes increased labor and non-labor costs for installing additional
18 commodities required by design finalization changes.

19 SCE&G also negotiated change orders to the EPC Contract to address new
20 and updated scopes of work that have been identified as necessary for the project.
21 Further, SCE&G's share of the EPC Contract cost has been decreased to reflect a
22 cost savings resulting from the reallocation of Switchyard cost between SCE&G

1 and Santee Cooper and to reflect the recovery of approximately \$86 million in
2 liquidated damages payable under the EPC Contract as a result of the delay
3 experienced in the project.

4 **Q. HAVE YOU DEVELOPED AN EXHIBIT DEMONSTRATING THE**
5 **IMPACT OF EACH OF THESE ADJUSTMENTS?**

6 A. Yes. Exhibit No. __ (CLW-5) shows how the updated EPC Contract cost is
7 allocated among the EPC Contract cost categories. These changes represent a
8 total cost adjustment of \$453.1 million, or approximately 65% of the total change
9 in the capital cost schedule. See also Line 11 of Chart A.

10 **A. Delay and Other EAC Cost**

11 **Q. WHY WILL THE DELAY INCREASE THE FORECASTED AMOUNT OF**
12 **LABOR AND RELATED COST NEEDED TO COMPLETE THE**
13 **PROJECT?**

14 A. As discussed in more detail by Mr. Jones, WEC/CB&I projects that the
15 delay in the construction schedule of the Units will require it to employ workers
16 for longer than originally projected to accomplish previously-identified scopes of
17 work. As a result, WEC/CB&I included in its cost forecast the additional labor
18 cost associated with the extended employment of these workers.

19 **Q. DID WEC/CB&I REVISE THE COST FORECAST TO REFLECT**
20 **DECREASED PRODUCTIVITY AND INCREASED STAFFING?**

21 A. Yes. Mr. Byrne and Mr. Jones explain that the productivity factors realized
22 on the project to date are less favorable than those originally projected by

1 WEC/CB&I. In updating the EAC cost, WEC/CB&I took into account the
2 decreased productivity experienced on the project and revised the forecasted
3 productivity factors for the remainder of the project. These revised and less
4 favorable productivity factors reflect that additional Direct Craft Labor will be
5 required to accomplish previously-identified scopes of work and have the effect of
6 increasing the project cost from those originally forecasted.

7 As part of the EAC cost forecast, WEC/CB&I also increased the ratio of
8 Indirect Craft Labor to Direct Craft Labor and the ratio of Field Non-manual
9 Labor to Direct Craft Labor for the project, and the cost associated with both
10 categories of labor cost.

11 **Q. WHAT OTHER FACTORS AFFECT THE EAC COST FORECAST?**

12 A. WEC further estimates that additional Time and Materials scopes of work
13 will be necessary to staff the start-up of the Units and to provide for the processing
14 of LARs to support construction. Due to a number of design changes by
15 WEC/CB&I, the number of LARs required during the construction process is
16 greater than originally projected and WEC updated the EAC cost to reflect the
17 additional cost resulting from these expanded scopes of work.

18 **Q. HOW DID WEC/CB&I DEVELOP THE UPDATED EAC COST**
19 **FORECAST?**

20 A. The revised EAC cost forecast was developed by WEC/CB&I over a
21 several month period in parallel with the development of the revised fully
22 integrated project schedule. WEC/CB&I focused on identifying projected

1 modifications and updates in cost and then adding to, or subtracting from, the base
2 cost estimate.

3 As part of this analysis, WEC/CB&I prepared cost estimates for remaining
4 Target Price and Time and Materials scopes of work in the categories of Direct
5 Craft Labor, Indirect Craft Labor, Subcontracts, Field Non-manual Labor, and
6 Other Distributable cost. In particular, the cost estimates examined how these
7 scopes of work were impacted by various identified changes including design of
8 the units, material quantities, staffing requirements, craft productivity, schedule
9 changes, statutory, and regulatory requirements. These estimates also were based
10 on the trends experienced over the first years of the project, with an emphasis
11 placed on the last two years, when the work shifted from mostly site preparation to
12 mostly vertical construction. WEC/CB&I then combined the identified cost
13 impacts with the current project budget to create a new EAC cost, which was
14 provided to SCE&G in the third quarter of 2014.

15 **Q. WHAT STEPS DID SCE&G TAKE TO VERIFY WHETHER THE**
16 **UPDATED EAC COST PROVIDED BY WEC/CB&I IS REASONABLE?**

17 **A.** Upon receipt of the updated EAC cost from WEC/CB&I, SCE&G
18 assembled a review team consisting of personnel from its Construction and
19 Business and Finance Departments of NND to conduct a detailed review of the
20 updated EAC cost forecast. Over a period of approximately two months, this team
21 reviewed the information provided and conducted a detailed review of the revised

1 forecasts. This effort focused on understanding the sources of the EAC cost and
2 determining the reason for the cost impacts.

3 The method used to review the updated EAC cost forecast was a
4 combination of requesting and reviewing back-up information from WEC/CB&I,
5 interviewing WEC/CB&I team members, who provided oral responses to our cost-
6 related interpretations, and having SCE&G subject matter experts review and
7 analyze WEC/CB&I's forecasts. Where costs were based on commodity take-
8 offs, WEC used the assumed direct and indirect labor factors as provided in the
9 supporting documents. Where the estimate for certain cost elements were based
10 on specific Field Non-manual staffing plans, SCE&G verified the cost estimate
11 was supported by the staffing plan. SCE&G also convened a number of panels of
12 experts in particular subject matter areas, such as testing or licensing, to review
13 these aspects of the proposed cost. Through this intensive review process,
14 SCE&G gathered information on the methodology used by WEC/CB&I to
15 estimate the cost.

16 Through the discussions with the WEC/CB&I EAC team and based upon
17 SCE&G's review and analysis of the information provided and representations
18 made to the Company by WEC/CB&I, SCE&G approved for filing under the
19 BLRA the EAC cost as a reasonable and prudent estimate of the Target Price and
20 Time and Materials price for completion of the project. Notwithstanding this
21 approval, the Company has not waived and has specifically reserved all of its
22 rights under the EPC Contract and otherwise to assert that WEC/CB&I is

1 responsible for the delay and associated cost increases and are liable to SCE&G
2 for all resulting costs and damages.

3 **Q. ARE THERE CATEGORIES WITHIN THE UPDATED COST FOR**
4 **WHICH SCE&G IS RESPONSIBLE TO PAY?**

5 A. Yes. The review team separated the updated cost forecast into the general
6 categories of (1) Change Orders; (2) EAC Entitled Quantity Increases; (3) EAC
7 Delay Cost; (4) EAC Performance Factors; and (5) WEC Other, consisting of
8 Time and Material and start-up cost. Of these, the review team concluded that the
9 Company was only responsible for those cost increases resulting from Change
10 Orders and Entitled Quantity Increases. The review team further concluded that
11 SCE&G should dispute WEC/CB&I's contention that the Company is responsible
12 for the cost increases resulting from the other categories.

13 **Q. WHY DOES SCE&G DISPUTE THE INCREASED COST CATEGORIES**
14 **RELATED TO DELAY COST, PERFORMANCE FACTORS, AND WEC**
15 **OTHER?**

16 A. As further discussed by Mr. Byrne and Mr. Jones, the cost increases in
17 these categories are primarily attributable to the delay caused by the inability of
18 the module fabrication facility in Lake Charles, Louisiana, to produce submodules
19 for the project in a timely fashion. WEC/CB&I also has not met the overall
20 productivity factors on which its original cost estimates were based and has
21 increased its labor productivity factors resulting in increased Direct Craft Labor
22 cost for the Project. Design changes by WEC also have increased the anticipated

1 number of LARs required during the construction process, and WEC projects that
2 additional licensing support will be necessary to process these LARs. Finally,
3 WEC has proposed to increase the ratio of Indirect Craft Labor to Direct Craft
4 Labor and the ratio of Field Non-manual Labor to Direct Craft Labor. SCE&G
5 asserts that WEC/CB&I is contractually responsible for these issues and the
6 resulting increases in the Delay and Other EAC cost. WEC/CB&I has not
7 accepted responsibility for any part of the Company's claim and, as further
8 discussed by Mr. Byrne, the parties are in negotiations concerning the obligations
9 to pay for this increased cost.

10 **Q. IF SCE&G DISPUTES THAT IT IS OBLIGATED TO PAY FOR THIS**
11 **ADDITIONAL COST, WHY IS IT SEEKING COMMISSION APPROVAL**
12 **OF THE UPDATED SCHEDULES AT THIS TIME?**

13 **A.** SCE&G contends that it is not required to pay for this increased cost and
14 intends to dispute properly invoiced amounts that reflect additional cost resulting
15 from the delay. However, WEC/CB&I has taken the position that this increased
16 cost is recoverable under the EPC Contract and that it has the right to cease work
17 and treat the project as if it had been suspended at SCE&G's request, if properly
18 invoiced amounts are not paid by the Company. Under these circumstances, the
19 project could be delayed indefinitely while SCE&G and WEC/CB&I attempted to
20 resolve the dispute through negotiation or litigation. Further delays likely would
21 substantially increase the final cost of the Units due to increased escalation cost
22 and carrying cost on the amounts spent to date. Moreover, SCE&G will be

1 eligible for \$2.2 billion in Federal Production Tax Credits if the Units are in
2 commercial service by December 31, 2020. When earned, these tax credits will
3 result in a positive benefit for our customers through reduced total rates. Further
4 delaying the Units, and in particular Unit 3, could imperil SCE&G's ability to
5 claim these credits.

6 SCE&G does not currently believe that refusing to make any payment on
7 properly invoiced amounts is reasonable or prudent. WEC/CB&I contends that in
8 such cases, the terms of the EPC Agreement require payment of 90% of a disputed
9 invoice. In order to protect SCE&G's position without further delaying
10 construction of the Units, the Company has advised WEC/CB&I that it will pay
11 90% of the properly invoiced disputed amounts, reserving its rights to contend that
12 no such payments are in fact due and to pursue claims for disputed sums. This
13 process will enable the project to continue while SCE&G and WEC/CB&I attempt
14 to negotiate or otherwise reach a resolution of these issues.

15 **Q. IF SCE&G ULTIMATELY IS SUCCESSFUL IN DISPUTING THESE**
16 **CHARGES, HOW WILL IT ACCOUNT FOR THE PAYMENTS MADE TO**
17 **WEC/CB&I?**

18 **A.** Customers will receive the full benefit of any resolution of these disputed
19 amounts. The EPC Contract provides that SCE&G has the right to recoup any
20 payments made on disputed amounts if the dispute is resolved in SCE&G's favor.
21 Any amounts paid to WEC/CB&I that are recovered by SCE&G through
22 negotiation or litigation will reduce the capital cost of the project on a permanent

1 basis. During the construction period, those amounts would reduce the financing
2 cost to be charged to customers. As a result, any reduction will result in lower
3 revised rates requested in future revised rates proceedings.

4 **Q. IS SCE&G PROPOSING ANY OTHER ADJUSTMENTS TO THE**
5 **UPDATED COST RESULTING FROM THE DELAY?**

6 A. Yes. Article 13 of the approved EPC Contract specifies that WEC/CB&I
7 will be responsible for liquidated damages if there is a delay in the Substantial
8 Completion Date for either unit. Because of the delay experienced in the project
9 to date, SCE&G is confident that it will recover from WEC/CB&I the full amount
10 of liquidated damages payable under the EPC Contract, which totals
11 approximately \$86 million (see Line No. 6 of Chart A). The Company has netted
12 this amount against the Delay and Other EAC cost for purposes of this filing.

13 **Q. BASED ON SCE&G'S PROPOSED ADJUSTMENTS, WHAT IS THE**
14 **TOTAL INCREASE TO THE EPC COST CAUSED BY THE DELAY AND**
15 **OTHER EAC COST IN THE PROJECT?**

16 A. After adjusting WEC/CB&I's updated forecast to reflect SCE&G's
17 intention to pay only 90% of properly invoiced disputed amounts, the Company
18 projects that the delay and other EAC cost will result in additional EAC cost of
19 approximately \$411 million (see Line No. 5 of Chart A). SCE&G has further
20 adjusted this amount to reflect its anticipated recovery of the approximately \$86
21 million in liquidated damages (see Line No. 6 of Chart A). The combined effect
22 of these adjustments reflects increased EPC Contract cost of approximately \$325

1 million (see Line No. 7 of Chart A), or 47% of the total change in the capital cost
2 schedule.

3 **B. Changes to the EAC Cost Due to Design Finalization**

4 **Q. WHAT ARE THE MODIFICATIONS AND UPDATES RELATED TO**
5 **CHANGES IN THE DESIGN FINALIZATION OF THE PROJECT?**

6 A. As previously mentioned, WEC/CB&I continues to finalize the issued-for
7 construction design documents for the project and update its projections of the
8 amount of commodities that must be installed to complete the project. Under the
9 Fixed and Firm pricing components of the EPC Contract, WEC/CB&I is
10 responsible for the cost of the additional commodities themselves. These
11 commodities include concrete, structural steel, re-bar, electrical cable, pipe, and
12 other construction materials identified in the design finalization process.
13 However, SCE&G is responsible for the Actual Craft Wages and Non-Labor Cost
14 associated with performing the work of installing these additional commodities.
15 As well, this cost includes the impact of additional labor cost resulting from the
16 implementation of design changes in the Containment Vessel.

17 **Q. HOW WILL THIS ADDITIONAL COST BE DETERMINED?**

18 A. As the detailed final design of the standard plant is completed, detailed
19 quantity "take offs" are prepared for ordering materials and developing work
20 package instructions. The new quantities are compared to original estimated
21 quantities which were based on prior design information. Any differences
22 between the original estimate and new quantities will result in cost impacts when

1 compared to the original estimate. The Direct Craft Labor cost for installing the
2 material is included in the EPC Contract Target price and is billed to SCE&G.

3 **Q. DID SCE&G DETERMINE WHETHER WEC/CB&I'S REVISED**
4 **ESTIMATE WAS REASONABLE?**

5 A. Yes. The review team analyzed this increased cost as part of the process I
6 previously described and approved for filing under the BLRA this EAC cost as a
7 reasonable and prudent estimate of the Target price and Time and Materials price
8 for completion of the project. However, the Company has not waived and has
9 specifically reserved all of its rights under the EPC Contract and otherwise.

10 **Q. WHAT EFFECT WILL THE UPDATED PROJECTIONS RELATED TO**
11 **DESIGN FINALIZATION HAVE ON THE EAC COST?**

12 A. As a result of the continuing efforts to finalize the design, SCE&G has
13 determined that EAC cost will increase by approximately \$72 million (see Line
14 No. 8 of Chart A), or approximately 10% of the total change in the capital cost
15 schedule.

16 **C. Changes in EPC Cost Due to Change Orders**

17 **Q. PLEASE EXPLAIN THE COST MODIFICATIONS AND UPDATES**
18 **RELATED TO THE CHANGE ORDERS.**

19 A. SCE&G has identified 10 change orders and related matters under the EPC
20 Contract that will result in cost modifications. These change orders result in a
21 total modification and update to the EPC Contract cost of \$56.5 million (see Line
22 No. 9 of Chart A), or approximately 8% of the total request. Mr. Jones testifies in

1 greater detail as to the reasonableness and prudence of the cost reflected in these
2 change orders.

3 **D. Switchyard Cost Re-Allocation**

4 **Q. PLEASE EXPLAIN THE MODIFICATIONS AND UPDATES TO THE**
5 **ALLOCATION OF SWITCHYARD COST.**

6 **A.** As I testified in Docket No. 2010-376-E, SCE&G originally projected that
7 the Units' joint-owner, Santee Cooper, would pay a 45% share of the EPC
8 Contract cost associated with the entire scope of work for the Units 2 and 3
9 Switchyard. Subsequently, the parties determined that some of the cost included
10 in that scope of work benefited one party to the project more than the project in
11 general related to how the Switchyard supports construction of new transmission
12 lines for each company's transmission system. SCE&G and Santee Cooper agreed
13 to conduct a comprehensive review of the Switchyard design and to modify and
14 update the allocation amount in order to allocate these transmission assets based
15 on how intensively each party would use these assets. In Order No. 2011-345, the
16 Commission approved a projection of the impact of the revised allocation,
17 including estimated de-escalation rates. These engineering studies were recently
18 completed and SCE&G and Santee Cooper have determined the actual amount of
19 cost to be allocated based upon their respective use of the facilities. As a result,
20 SCE&G has modified and updated the initial projections to reflect the current cost
21 projections and each party's actual use of the Switchyard by decreasing the
22 allocation of Switchyard cost to SCE&G by \$107,000 as reflected on Line 10 of

1 Chart A. This revision also assigns the cost to the proper BLRA category in which
2 they were paid.

3 **II. OWNER'S COST REVISIONS ASSOCIATED WITH DELAY**

4 **Q. PLEASE EXPLAIN ITEMS 12 THROUGH 16 SHOWN ON CHART A**
5 **RELATED TO OWNER'S COST REVISIONS ASSOCIATED WITH**
6 **DELAY.**

7 A. Line Nos. 12-16 on Chart A show the modifications and updates to
8 Owner's cost forecasts as a result of the effect of the new WEC/CB&I revised
9 Substantial Completion Dates. The Exhibit shows that the total amount of
10 Owner's cost modifications and updates associated with the delay is \$214.3
11 million (see Line No. 17 of Chart A), or approximately 31% of the total request.

12 **Q. AS A MATTER OF BACKGROUND, WHAT TYPES OF EXPENSES ARE**
13 **INCLUDED IN OWNER'S COST?**

14 A. Owner's cost includes the cost SCE&G will incur related to overseeing the
15 construction project; recruiting, hiring and training staff for the Units; quality
16 assurance and quality control; IT cost; preparing written operating procedures for
17 all aspects of Unit operations, maintenance, safety and security; accepting, testing
18 and maintaining the systems and components of the Units as they are completed
19 and turned over to SCE&G pending completion of each Unit as a whole; obtaining
20 licenses and permits for the project; regulatory cost such as NRC fees; start-up
21 testing of the Units as they are completed; and providing the materials and
22 supplies needed for maintenance of plant systems up to the date of commercial

1 operations. Owner's cost also includes a number of construction-related items
2 such as workers' compensation insurance for all contractors and subcontractors,
3 builder's risk insurance, and transportation risk insurance; payment of
4 miscellaneous taxes including sales taxes; and certain preconstruction cost.

5 **Q. PLEASE EXPLAIN WHY SCE&G IS PROPOSING TO MODIFY AND**
6 **UPDATE THE OWNER'S COST FORECASTS IN THIS PROCEEDING.**

7 A. SCE&G has determined that it will incur additional cost related to the
8 delay. SCE&G also has continued to review, refine, modify, and update the
9 Owner's cost projections. SCE&G has carefully done so based on operating
10 experience with the project, and ongoing analyses of the personnel and facilities
11 needed to safely and efficiently construct and operate the Units. As a result,
12 SCE&G has modified and updated the projections of Owner's cost as shown in
13 Exhibit No. __ (CLW-6) representing the increased delay and non-delay cost for
14 the NND and non-NND cost centers organized by functional area that SCE&G
15 anticipates will charge cost to the project. These modified and updated Owner's
16 cost projections are also shown in Exhibit No. __ (CLW-7) reflecting the labor and
17 non-labor cost increases for the NND and non-NND cost centers. These Exhibits
18 reflect a cost-center by cost-center analysis of the effect of WEC/CB&I's revised
19 Substantial Completion Dates for the Units and SCE&G's actual experience in
20 managing this project since 2008.

1 **Q. HOW DID SCE&G PREPARE THE OWNER'S COST BUDGET?**

2 A. SCE&G developed the Owner's Cost forecast at a 100% level, inclusive of
3 Santee Cooper's percentage to support the day-to-day management of the project,
4 and then identified its share of Owner's Cost. The Company also identified the
5 cost that is not shared with Santee Cooper in developing the budget reported for
6 purposes of the BLRA. At the department level, SCE&G created budgets for all
7 cost centers that provide support for the construction and future operation of the
8 Units. These budgets were broken down by month for the current year and
9 annually thereafter until the end of the project and were established at the resource
10 code level, which is SCE&G's accounting code that identifies the nature of the
11 cost.

12 Mr. Jones testifies to the process by which the NND staffing budgets have
13 been updated since 2012 in order to develop the budgets presented in this
14 proceeding. I support his conclusions and am sponsoring the revisions to the other
15 aspects of Owner's cost which are set forth on the modified and updated budget as
16 shown in Exhibit No. __ (CLW-6). These changes are based on the annual, cost-
17 center by cost-center review of the budget for the project, which is described in
18 my testimony in Docket Nos. 2010-376-E and 2012-203-E.

19 **Q. IN PREPARING THE CURRENT OWNER'S COST BUDGET, HOW DID**
20 **YOU OBTAIN BUDGET INFORMATION FROM AREAS OTHER THAN**
21 **NND?**

1 **A.** As indicated in prior testimony, SCE&G requires all cost centers outside of
2 NND to assign time and cost directly to the project based on time sheets and
3 invoices for actual work performed. These cost centers include such groups as
4 SCANA Audit Services, Legal, Environmental, Risk Management and Insurance,
5 Facilities Management, and multiple groups within current Nuclear Operations
6 such as Unit 1 Health Physics that may assist on an as-needed basis in creating
7 staffing plans and writing operating procedures for parts of Unit 2 and 3
8 operations.

9 All cost centers that anticipate providing direct support to the project must
10 provide detailed budgets for their activities through June 2020 and update the
11 budgets annually. These budgets are typically based on a review of the past
12 amount of assistance provided by the outside group to NND adjusted to reflect any
13 anomalies and to take into account an estimate of how needs for assistance are
14 likely to evolve in the future. My group then carefully reviews these budgets
15 against past actual experience and our understanding of the future needs of the
16 project. We seek adjustments to them where we disagree with the assumptions or
17 results. Bear in mind, these are budgets and we review what is charged to ensure
18 that nothing is billed to the project except the cost of necessary assistance actually
19 provided. However, we are also vigilant to ensure that these non-NND cost center
20 cost forecasts are reasonable and necessary in all respects.

21 We are equally vigilant as to actual cost billed to the project. The NND
22 teams review these charges each month to ensure that they are accurate, necessary

1 and appropriate. Our joint-owner, Santee Cooper, has an equal interest in making
2 sure that all charges are appropriate and reviews these charges independently on a
3 monthly basis.

4 As to the budgets being presented here, I have reviewed them in detail and
5 am very familiar with them through my role in the internal review and approval
6 process and the financial administration of the project month to month. It is my
7 conclusion that they reflect reasonable, necessary, and prudent project cost based
8 upon the information currently available to SCE&G.

9 **Q. WHAT STEPS DOES THE COMPANY TAKE TO ENSURE THAT NO**
10 **COST RELATED TO THE OPERATION OF UNIT 1 IS BILLED TO THE**
11 **PROJECT?**

12 A. In some instances, Unit 1 employees who have specific expertise spend
13 time on the project, and the Company records the associated labor cost as a direct
14 cost related to the construction of Units 2 and 3. As well, some cost may be
15 shared between the Units in order to increase efficiencies and economies of scale,
16 with the cost being allocated to each Unit based upon their derived benefit from
17 the expenses. In all other instances, SCE&G separately accounts for the cost to
18 operate Unit 1 and ensures that this cost is not recorded as a cost of the project.

19 **Q. WHAT IS THE BACK-UP MATERIAL FOR THIS BUDGET?**

20 A. In the backup material for Exhibit Nos. __ (CLW-6) and __ (CLW-7), the
21 cost is broken down by summary resource codes for each of the 100 NND and
22 non-NND cost centers that underlie the summary NND budget documents. For

1 each of the entries in that budget, there is a separate set of schedules that breaks
2 this summarized cost down month-by-month from project inception to date and
3 year-by-year for the period of 2015 to 2020. Each cost center manager has
4 developed a budget based on his or her professional assessment of the future needs
5 of the project and experience. These budgets are supported by staffing and
6 training plans, current corporate salary structures, outside services budgets, and
7 other cost center specific budget documents as available. These detailed cost
8 center budgets roll up and support the overall budget set forth here.

9 **Q. WHO CAN REVIEW THIS BACK-UP INFORMATION SUPPORTING**
10 **THE CURRENT BUDGET?**

11 A. SCE&G is making the above-mentioned detailed cost center budgets and
12 supporting documentation information available to the South Carolina Office of
13 Regulatory Staff. Because of the commercially sensitive nature of much of this
14 information, and because in some cases this information contains data about
15 individual employees' salaries, the Company is asking parties to sign
16 confidentiality agreements if they wish to inspect and review this data at the
17 construction site.

18 **A. Owner's Labor Cost Revisions Associated with Delay**

19 **Q. WHAT IMPACT HAS THE DELAY HAD ON OWNER'S LABOR COST?**

20 A. In his testimony, Mr. Jones discusses the impact of the delay on the
21 Owner's labor cost relating to the responsibilities of the NND team. These
22 responsibilities include SCE&G's obligations to oversee construction,

1 engineering, and quality assurance/quality control ("QA/QC") both on site and at
2 suppliers' locations worldwide; train and license all personnel required for Unit
3 operations; audit invoices from WEC/CB&I and other suppliers and resolve
4 contractual and payment disputes with WEC/CB&I; and oversee and account for
5 all commercial aspects of the project and operate and maintain the Units when in
6 service. He also testifies to the reasonableness and prudence of these revised
7 plans and the resulting adjustments to the cost forecasts for the project. These
8 modified and updated plans and forecasts reflect that the delay will increase the
9 Owner's labor cost by approximately \$125.3 million (see Line No. 12 of Chart A),
10 or approximately 18% of the total request in this proceeding. I am familiar with
11 these plans and cost forecasts and support his conclusion that this is a prudent and
12 reasonable cost of the project.

13 **B. Owner's Risk Insurance and Workers' Compensation Insurance**

14 **Q. PLEASE EXPLAIN THE COST DRIVERS FOR THE INCREASE IN**
15 **OWNER'S RISK INSURANCE AND WORKERS' COMPENSATION**
16 **INSURANCE COST.**

17 **A.** All of the Project insurance programs are required in Phase II of the EPC.
18 These insurance programs include Builder's Risk insurance, an owner controlled
19 insurance program ("OCIP"), and Cargo insurance. The existing insurance
20 programs were negotiated and bound utilizing the original construction timeline,
21 including the 18-month contingency period allowed under the BLRA. All of the
22 project insurance policies will expire prior to the revised project completion date.

1 This will require the Owner to either seek an extension of the current policies,
2 pending current insurer agreement, or return to the insurance marketplace for
3 search and procurement of new insurance coverage. The Owner is having on-
4 going discussions with all of the project insurers about extending the current
5 policy terms and while insurers continue to be receptive, they are unable to
6 commit to an extension at this time. Furthermore, the delay results in additional
7 exposure to Builder's Risk damage claims as well as worker injuries and the
8 workers' compensation claims to provide medical care for these workers. SCE&G
9 forecasts that extending the project will result in an increase in Owner's cost of
10 approximately \$30.1 million (see Line No. 13 of Chart A), or approximately 4.3%
11 of the total change in the capital cost schedule.

12 **Q. WHAT STEPS HAS SCE&G TAKEN TO MINIMIZE THESE COST**
13 **INCREASES?**

14 **A.** The Owner has worked diligently with WEC/CB&I and the project insurers
15 to manage the insurance programs as efficiently as possible to maximize value and
16 minimize risk for the project stakeholders. Since the insurance program inception,
17 the project has never been rated below "Excellent" by the insurer Loss Control
18 team. The project continues to strive to provide a safe work environment for the
19 workers and this increased focus on worker safety has resulted in fewer than
20 projected workers' compensation claims. This better than projected claim
21 experience to date has resulted in a reduction in the program collateral

1 requirements at each successive year's renewal. If this positive claims experience
2 continues, SCE&G believes this will result in an extension of the existing policy.

3 **C. Additional IT Cost Associated with Delay**

4 **Q. WHAT ADDITIONAL INFORMATION TECHNOLOGY COST IS**
5 **ASSOCIATED WITH THE DELAY?**

6 A. SCE&G forecasts that extending the schedule of the project will increase
7 the Owner's cost associated with providing IT infrastructure, including licenses,
8 hardware, and software cost. The effect of this adjustment increases the Owner's
9 cost by approximately \$6.5 million (see Line No. 14 of Chart A), or approximately
10 1% of the total request.

11 **Q. WHAT IS THE BASIS FOR THIS ADDITIONAL COST?**

12 A. As further discussed by Mr. Jones, SCE&G is obligated to supply certain
13 software and other IT resources required to support operational readiness and the
14 work of the NND team during the construction. Extending the project schedule
15 will increase the cost of IT support for the project because software licenses and
16 maintenance fees, equipment maintenance cost, and other IT support cost must be
17 paid for longer periods of time.

18 **Q. WHAT PROCESS DID THE COMPANY USE TO FORECAST THIS**
19 **ADDITIONAL COST?**

20 A. SCE&G forecasted the additional IT cost resulting from the delay by
21 identifying the difference in cost that will occur between the previously approved
22 commercial operation dates and the newly proposed commercial operation dates.

1 Included in this additional cost includes software and equipment maintenance,
2 software upgrades and IT support cost. Software and equipment maintenance cost
3 classified as IT cost resulting from the delay were forecasted based on an
4 extension of the yearly maintenance contracts associated with those pieces of
5 software/equipment. Software upgrades classified as IT cost resulting from the
6 delay were forecasted based on known required yearly updates to software that
7 will be needed during that time frame. IT support cost classified as IT cost
8 resulting from the delay were forecasted based on the IT level of support/oversight
9 of software programs needed during that time frame.

10 **D. Facilities Cost Increases Associated with Delay**

11 **Q. PLEASE EXPLAIN HOW THE DELAY HAS AFFECTED OWNER'S**
12 **COST RELATED TO FACILITIES.**

13 **A.** Pursuant to the terms of the approved EPC Contract, SCE&G is responsible
14 for the warehouse and storage space for materials and equipment necessary to
15 operate the Units. The Company also is required to pay for the office space and
16 related support facilities for its NND team personnel while they are on site.
17 Because of the delay in the project schedule, it will be necessary for the
18 construction and operational readiness teams to perform certain scopes of work
19 simultaneously. Therefore, additional facilities will be required to provide the
20 teams with sufficient space to complete their respective scopes of work. In
21 addition, the maintenance, upkeep, and other costs of office space and related
22 support facilities will have to be borne by the project for a longer period of time.

1 Due to the delay in the Substantial Completion Dates, SCE&G forecasts that
2 additional facilities and facilities cost will increase Owner's cost by \$6.1 million
3 (see Line No. 15 of Chart A), or approximately 1% of the total change in the
4 capital cost schedule.

5 **E. Other Owner's Cost Associated with Delay**

6 **Q. WHAT OTHER OWNER'S COST WILL BE AFFECTED BY THE**
7 **DELAY?**

8 A. Extending the duration of the project also will increase Owner's cost across
9 a broad range of cost centers related to technical, administrative, and other support
10 for the project as well as increasing non-labor cost associated with NND cost
11 centers. For example, the delay will increase the labor cost for Construction
12 Oversight Contractors; the amount of sales tax paid to the South Carolina
13 Department of Revenue; and fees paid to the Institute of Nuclear Power
14 Operations and the AP 1000 Users Group ("APOG"). These cost centers also
15 include SCANA and SCE&G's direct costs in supporting the project for such
16 services as Licensing, Construction, Engineering, and Maintenance. The basis for
17 this adjustment and process used by the Company to develop and determine the
18 increased cost are the same as I have previously described.

19 **Q. WHAT IS THE EFFECT OF THESE INCREASES?**

20 A. The cumulative effect of these increases is forecasted to total \$46.4 million
21 (see Line No. 16 of Chart A), or approximately 7% of the total change in the
22 capital cost schedule.

1 **III. OWNER'S COST REVISIONS NOT ASSOCIATED WITH DELAY**

2 **A. Additional NND Staff**

3 **Q. PLEASE EXPLAIN LINE NO. 18 OF CHART A RELATED TO THE**
4 **ADDITION OF NND STAFF.**

5 **A.** Line No. 18 of Chart A reflects the addition of approximately 64 employees
6 to the Company's NND staff. Mr. Jones testifies to the reasonableness and
7 prudence of this change, which will increase Owner's cost by approximately \$7.5
8 million, or approximately 1% of the total request in this proceeding. I am familiar
9 with this change from an accounting and financial standpoint and support as
10 reasonable and prudent the revised forecast to reflect these additional staffing
11 needs.

12 **B. NRC Fees**

13 **Q. HAS THERE BEEN ANY MODIFICATION OR UPDATE TO THE**
14 **ESTIMATED NRC FEES ASSOCIATED WITH THE PROJECT?**

15 **A.** Yes. The NRC has revised its estimate of the fees that SCE&G must pay
16 for NRC inspection and oversight of the project. The new estimate includes
17 additional expenses for pre-inspection preparation and off-site work following up
18 on inspections.

19 **Q. WHAT IS THE BASIS FOR THIS REVISED ESTIMATE OF NRC FEES?**

20 **A.** The NRC is statutorily required to recover most of its budget authority
21 through fees assessed to applicants for an NRC license and to holders of NRC
22 licenses. Among other things, these fees are assessed to recover the full cost of

1 reviewing applications and amendments for new licenses and approvals,
2 preapplication consultations and reviews, and project managers and resident
3 inspectors assigned to a specific plant or facility.

4 Initially, the NRC provided an estimate of its fees for the project, which
5 was approved by the Commission in Docket No. 2008-196-E. Recently, however,
6 the NRC informed SCE&G that the original estimate of fees only included its cost
7 for NRC personnel located on the project site and did not include the cost
8 associated with its staff members tasked with overseeing the project but who are
9 located off-site. As a result, the new NRC fee estimate will increase Owner's cost
10 for the project by \$7.1 million (see Line No. 19 of Chart A), or approximately 1%
11 of the total request in this proceeding.

12 **C. Other IT Cost**

13 **Q. PLEASE EXPLAIN HOW THE COST CATEGORY FOR OTHER "IT**
14 **COST" AFFECTS THE OWNER'S COST FORECAST.**

15 **A.** SCE&G has identified additional software and other IT resources, not
16 related to the delay, that are a necessary cost of the project. Included in these IT
17 resources are additional cyber security resources for NND project personnel,
18 fatigue and stress modeling software to diagnose and monitor the condition of
19 equipment in the Units, and additional software to capture and monitor plant
20 operating data.

1 **Q. WHAT STEPS HAS SCE&G TAKEN TO MITIGATE OR AVOID**
2 **ADDITIONAL IT COST?**

3 **A. SCE&G has exercised care and diligence to mitigate or avoid additional**
4 **cost by negotiating long term agreements (3-5 years) to avoid the normal annual**
5 **increases for many fixed maintenance fee contracts. Also, the Company is using**
6 **the same software as Unit 1 where Unit 1 has a site license, ensuring that the cost**
7 **is allocated to the appropriate cost center and that there is no subsidization of cost**
8 **between Unit 1 operations and the project. This not only decreases license fees,**
9 **but also allows us to leverage existing in-house knowledge and experience for the**
10 **project. Similarly, SCE&G is standardizing software across all three units to**
11 **minimize maintenance and implementation cost, wherever possible. The**
12 **Company further established a uniform Request for Proposal and Request for**
13 **Quote process for software purchases for all three units. This enables SCE&G to**
14 **consider the requirements of all three units in making any procurement and**
15 **obtaining the best possible price. When doing so creates cost advantages, SCE&G**
16 **also is developing in-house software. Finally, SCE&G is delaying the hiring or**
17 **assignment of people to ensure alignment with software implementations.**

18 **In spite of these efforts, SCE&G has determined through the same**
19 **budgeting process I previously described that additional IT cost is prudent and**
20 **necessary. The Company forecasts that the additional IT cost will add \$3.3**
21 **million to Owner's cost (see Line No. 20 of Chart A), or approximately 0.5% of**
22 **the total change in the capital cost schedule.**

D. Other Owner's Cost Not Associated with Delay

Q. PLEASE EXPLAIN THE COST INCLUDED IN THE CATEGORY "OTHER OWNER'S COST NOT ASSOCIATED WITH DELAY"?

A. SCE&G's forecast of Owner's cost has also increased in other areas including increased facilities cost; the cost of additional contractors for oversight of construction and component fabrication; increased fees for participation in APOG; increased cost for updating Probabilistic Risk Assessments related to the Units; the cost of maintenance equipment needed to support the project during systems testing and when in operation; and other similar types of costs. As part of the process of developing the Owner's cost forecast, SCE&G has determined that the amount of other Owner's cost not associated with the delay is \$12.9 million (see Line No. 21 of Chart A), or approximately 2% of the total request.

CONCLUSION

Q. ARE THE UPDATES REQUESTED IN THIS PROCEEDING REASONABLE AND PRUDENT?

A. Yes they are. I have been involved in a number of proceedings before the Commission where I have provided expert testimony on budgetary and forecasting matters. In my professional opinion, the modifications and updates to capital costs requested in this proceeding are the result of the normal and expected evolution of project cost forecasts and the current status of the construction schedule. Based upon my training, experience, and analysis, these modifications and updates, are

1 based upon reasonable and prudent forecasts and support updating the capital cost
2 schedule under the provisions of the BLRA.

3 **Q. WHAT IS SCE&G REQUESTING OF THE COMMISSION IN THIS**
4 **PROCEEDING?**

5 A. The Company is requesting that the Commission approve, pursuant to S.C.
6 Code Ann. § 58-33-270(E), (1) the updated milestones as set forth in Mr. Byrne's
7 testimony and Exhibit No. __ (SAB-2) and (2) the modified and updated capital
8 cost schedule in Exhibit No. __ (CLW-1) as the approved schedule of capital cost
9 for completion of the Units, subject to adjustment for escalation and net of
10 AFUDC as provided for in Order No. 2009-104(A).

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes, it does.

RESTATED and UPDATED CONSTRUCTION EXPENDITURES
(Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components

Actual through December 2014* plus
Projected

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total | | | | | | | | | | | | | | |
| Plant Cost Categories | | | | | | | | | | | | | | |
| Fixed with No Adjustment | - | 26 | 724 | 927 | 11,904 | 51,677 | 56,593 | 47,207 | 64,576 | 64,794 | 30,314 | 710 | | |
| Firm with Fixed Adjustment A | 21,723 | 97,386 | 319,073 | 374,810 | 314,977 | 488,461 | 446,947 | 422,076 | 742,980 | 759,311 | 656,948 | 389,817 | 169,040 | 38,269 |
| Firm with Fixed Adjustment B | - | 3,519 | 20,830 | 23,741 | 34,094 | 74,485 | 88,822 | 89,890 | 198,694 | 247,926 | 240,312 | 151,548 | 92,070 | 38,065 |
| Firm with Indexed Adjustment | 21,723 | 100,905 | 340,003 | 398,551 | 349,061 | 562,946 | 537,569 | 511,966 | 939,674 | 1,007,237 | 899,260 | 541,385 | 292,510 | 74,354 |
| Actual Craft Wages | | | | | | | | | | | | | | |
| Non-Labor Costs | | | | | | | | | | | | | | |
| Time & Materials | | | | | | | | | | | | | | |
| Owners Costs | | | | | | | | | | | | | | |
| Transmission Costs | | | | | | | | | | | | | | |
| Total Base Project Costs(2007 \$) | | | | | | | | | | | | | | |
| | 329,512 | 21,723 | 97,386 | 374,810 | 314,977 | 488,461 | 446,947 | 422,076 | 742,980 | 759,311 | 656,948 | 389,817 | 169,040 | 38,269 |
| Total Project Escalation | | | | | | | | | | | | | | |
| | - | 3,519 | 20,830 | 23,741 | 34,094 | 74,485 | 88,822 | 89,890 | 198,694 | 247,926 | 240,312 | 151,548 | 92,070 | 38,065 |
| Total Revised Project Cash Flow | | | | | | | | | | | | | | |
| | 21,723 | 100,905 | 340,003 | 398,551 | 349,061 | 562,946 | 537,569 | 511,966 | 939,674 | 1,007,237 | 899,260 | 541,385 | 292,510 | 74,354 |
| Cumulative Project Cash Flow(Revised) | | | | | | | | | | | | | | |
| | 21,723 | 122,628 | 462,632 | 861,183 | 1,210,244 | 1,773,190 | 2,310,759 | 2,822,725 | 3,762,398 | 4,769,635 | 5,668,895 | 6,210,280 | 6,472,770 | 6,547,124 |
| AFUDC(Capitalized Interest) | | | | | | | | | | | | | | |
| | 279,790 | 645 | 3,497 | 10,564 | 17,150 | 18,941 | 27,722 | 26,131 | 30,502 | 44,426 | 38,884 | 30,984 | 11,529 | 3,596 |
| Gross Construction | | | | | | | | | | | | | | |
| | 6,826,914 | 22,368 | 104,403 | 415,701 | 363,276 | 581,896 | 565,291 | 538,097 | 970,176 | 1,051,653 | 939,143 | 572,349 | 274,039 | 77,953 |
| Construction Work In Progress | | | | | | | | | | | | | | |
| | 22,368 | 128,771 | 477,338 | 893,039 | 1,256,317 | 1,838,203 | 2,403,405 | 2,941,591 | 3,911,787 | 4,983,430 | 5,902,573 | 6,474,923 | 6,749,982 | 6,826,914 |

*Applicable index escalation rates for 2014 are estimated. Escalation is subject to restatement when actual indices for 2014 are final.

Notes:

Current Period AFUDC rate applied

5.68%

Escalation rates vary from reporting period to reporting period according to the terms of Commission Order 2008-104(A). These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections. The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates, SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.

Exhibit No. __ (CLW-2)

Change from SCPSC Order 2012-884

(Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components

Actual through December
2014* plus Projected

| | | Actual | | | | | | | | Projected | | | | | |
|--|------------------|--------|------|------|------|------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Plant Cost Categories | Total | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Fixed with No Adjustment | (85,360) | - | - | - | - | - | (14,226) | (23,624) | (12,485) | 20,064 | 20,823 | 9,558 | 56 | (42,763) | (42,763) |
| Firm with Fixed Adjustment A | - | - | - | - | - | - | 12,925 | (12,925) | - | - | - | - | - | - | - |
| Firm with Fixed Adjustment B | 52,971 | - | - | - | - | - | (1,580) | (15,028) | (31,967) | 20,877 | 25,935 | 7,721 | 22,137 | 19,537 | 5,339 |
| Firm with Indexed Adjustment | 17,998 | - | - | - | - | - | (90,039) | (172,221) | (109,489) | 84,058 | 124,878 | 82,624 | 19,196 | 51,832 | 28,842 |
| Actual Craft Wages | 198,628 | - | - | - | - | - | (19,028) | (38,621) | (71,553) | (18,150) | 71,542 | 156,910 | 94,873 | 22,652 | - |
| Non-Labor Costs | 288,327 | - | - | - | - | - | 18,149 | (24,678) | (61,982) | (8,616) | 91,813 | 157,787 | 94,851 | 22,781 | 223 |
| Time & Materials | (19,425) | - | - | - | - | - | (848) | (18,941) | (30,076) | (10,297) | 11,288 | 16,393 | 8,535 | 2,384 | 136 |
| Owners Costs | 245,096 | - | - | - | - | - | (23,042) | (27,458) | (42,485) | 21,184 | 28,430 | 55,879 | 92,679 | 93,417 | 48,512 |
| Transmission Costs | - | - | - | - | - | - | (5,529) | (310) | (10,301) | (13,414) | 67 | 28,777 | 710 | - | - |
| Total Base Project Costs(2007 \$) | 698,233 | - | - | - | - | - | (125,217) | (331,806) | (370,318) | 95,685 | 372,774 | 515,949 | 333,037 | 169,840 | 38,289 |
| Total Project Escalation | 332,042 | - | - | - | - | - | (25,145) | (80,804) | (125,285) | 12,708 | 113,112 | 181,903 | 128,818 | 92,870 | 38,065 |
| Total Revised Project Cash Flow | 1,030,275 | - | - | - | - | - | (150,362) | (412,609) | (495,603) | 108,393 | 485,885 | 697,852 | 459,855 | 262,510 | 74,354 |
| Cumulative Project Cash Flow(Revised) | - | - | - | - | - | - | (150,362) | (562,971) | (1,058,574) | (950,181) | (464,296) | 233,556 | 693,410 | 955,921 | 1,030,275 |
| AFUDC(Capitalized Interest) | 42,075 | - | - | - | - | - | (1,509) | (10,883) | (16,737) | (10,386) | 16,907 | 24,493 | 24,841 | 11,529 | 3,599 |
| Gross Construction | 1,072,349 | - | - | - | - | - | (151,870) | (423,272) | (512,340) | 98,007 | 502,793 | 722,345 | 464,698 | 274,039 | 77,953 |
| Construction Work in Progress | - | - | - | - | - | - | (151,870) | (575,142) | (1,087,482) | (989,478) | (486,683) | 235,662 | 720,358 | 994,397 | 1,072,349 |

*Applicable index escalation rates for 2014 are estimated. Escalation is subject to restatement when actual indices for 2014 are final. These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections.

Exhibit No. __ (CLW-3)

RECONCILIATION TO ORDER No. 2012-884 AND BLRA INDICES COMPARISON**RECONCILIATION TO ORDER No. 2012-884(Thousands of \$)**

| | | |
|---------------------------------|----|-----------|
| Revised Forecast Current Filing | \$ | 6,826,914 |
| Forecast Order No. 2012-884 | \$ | 5,754,565 |
| Change | \$ | 1,072,349 |

Reconciliation:

| | | |
|---------------------------------------|----|-----------|
| Change in Base Project Costs(2007 \$) | \$ | 698,233 |
| Change in Project Escalation | \$ | 332,042 |
| Change in AFUDC | \$ | 42,075 |
| Net | \$ | 1,072,349 |

BLRA ESCALATION INDICES COMPARISON

| BLRA Indices | Order No. 2012-884 Escalation Rates | Jul 2014 Update Escalation Rates |
|---|--|-------------------------------------|
| HW All Steam Index: | | |
| One Year Rate | 4.51% | 2.52% |
| Five Year Average | 3.91% | 3.21% |
| Ten Year Average | 4.71% | 4.35% |
| HW All Steam/Nuclear Index: | | |
| One Year Rate | 4.52% | 2.52% |
| Five Year Average | 3.87% | 3.21% |
| Ten Year Average | 4.72% | 4.38% |
| HW All Transmission Plant Index: | | |
| One Year Rate | 2.48% | 1.68% |
| Five Year Average | 3.00% | 2.83% |
| Ten Year Average | 4.55% | 4.05% |
| GDP Chained Price Index: | | |
| One Year Rate | 2.11% | 1.55% |
| Five Year Average | 1.69% | 1.55% |
| Ten Year Average | 2.26% | NA |

V.C. Summer Units 2 and 3 - Summary of SCE&G Revisions to Capital Costs Schedules
Dollars Reflect SCE&G 55% share (\$000)

| Plant Cost Categories | Order No. 2009-104(A) | Change Total | Order No. 2010-12* | Change Total | Order No. 2011-345 | Change Total | Order No. 2012-884 | Change Total | Docket 2015-103-E Total |
|------------------------------------|-----------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|----------------------------|
| Fixed with No Adjustment | CONFIDENTIAL | \$0 | CONFIDENTIAL | \$61,578 | CONFIDENTIAL | \$0 | CONFIDENTIAL | (\$85,360) | CONFIDENTIAL |
| Firm with Fixed Adjustment A | | \$0 | | \$0 | | \$0 | | \$0 | |
| Firm with Fixed Adjustment B | | \$1 | | \$541 | | \$19,504 | | \$52,971 | |
| Firm with Indexed Adjustment | | \$0 | | \$268,753 | | \$71,557 | | \$17,998 | |
| Actual Craft Wages | | (\$173,579) | | (\$37,350) | | \$59,794 | | \$198,626 | |
| Non-Labor Costs | | \$173,529 | | (\$277,582) | | (\$12,399) | | \$288,327 | |
| Time & Materials | | \$1 | | \$427 | | \$0 | | (\$19,425) | |
| Owners Costs | | \$2 | | \$144,582 | | \$131,624 | | \$245,096 | |
| Transmission Costs | | \$0 | | \$13,000 | | \$7,921 | | \$0 | |
| Contingency | | \$438,293 | | \$0 | | \$0 | | \$0 | |
| Total Base Project Costs (2007 \$) | | \$4,534,744 | | \$4,096,455 | | \$4,270,404 | | \$4,548,405 | |
| Total Project Escalation | | \$1,514,340 | | \$1,807,948 | | \$1,260,855 | | \$968,444 | |
| Total Revised Project Cash Flow | | \$6,049,084 | | \$5,904,403 | | \$5,531,259 | | \$5,516,849 | |
| AFUDC (Capitalized Interest) | | \$264,289 | | \$283,721 | | \$255,684 | | \$237,715 | |
| Gross Construction | | \$6,313,373 | | \$6,188,124 | | \$5,786,943 | | \$5,754,564 | |
| | | | | (\$401,181) | | (\$32,379) | | \$1,072,350 | |
| | | | | | | | | | \$6,826,914 |

*Net of Contingency per Supreme Court Order

V.C. Summer Units 2 and 3 - Summary of SCE&G Itemized Capital Costs
Dollars Reflect SCE&G 55% share (\$000)

| A | B | C | D | E | F | G | H | I | J | K | L | M |
|--|--------------------------------------|-----------------|-----------------------------|--------------------------|------------------------------|------------------------------|--|--------------------|-----------------|------------------|--------------|--------------|
| Description of Item | Actual Costs Incurred as of 12/31/14 | Projected Costs | Total (Actual + Projection) | Fixed with No Adjustment | Firm with Fixed Adjustment A | Firm with Fixed Adjustment B | Firm with Indexed Adjustment Handy Whitman | Actual Craft Wages | Non-Labor Costs | Time & Materials | Owners Costs | Transmission |
| Order 2012-484 | | | 4,548,405 | | | | | | | | | 329,512 |
| CONFIDENTIAL | | | | | | | | | | | | |
| COB17 Commercial Settlement EAC Costs | | 482,227 | 482,227 | | | 35,940 | 6,876 | 198,675 | 49,129 | (55,955) | | |
| Liquidated Damages | | (85,525) | (85,525) | (85,525) | | | | | 236,529 | 9,133 | | |
| COB TBD Plant Layout Security | 379 | 19,971 | 20,350 | | | | | | | | | |
| COB TBD Cyber Security Phase II | 893 | 17,953 | 18,816 | | | 13,299 | 12,100 | | | 30,350 | | |
| COB TBD Shield Blog Panels | | 12,100 | 12,100 | | | | | | | 5,517 | | |
| COB20 HealthCare Act | | 2,182 | 2,182 | | | | | | | | | |
| COB19 PRS Hardware & Software | 484 | 616 | 1,100 | | | 307 | | | | | | |
| COB TBD Oxidation/Common Q | | 880 | 880 | | | 1,100 | | | | | | |
| COB TBD Simulator Development System | | 605 | 605 | | | 880 | | | | | | |
| COB211 ITAAC | | 373 | 373 | | | 605 | | | | | | |
| COB TBD Warehouse Fire Security | | 121 | 121 | | | 28 | | | | 31 | | |
| COB18 Perimeter Guards | | 14 | 14 | | | | | | | 121 | | |
| Barline % Differential on Switchyard | (107) | | (107) | | 164 | | 14 | | 670 | | | |
| EPC Adjustment | 1,620 | 451,516 | 453,136 | (85,359) | - | 52,971 | 17,998 | 198,675 | 288,328 | (19,426) | | |
| Owner's Cost Variance - Labor | | 139,683 | 139,683 | | | | | | | | 139,683 | |
| Owner's Cost Variance - Non Labor | | 116,469 | 116,469 | | | | | | | | 116,469 | |
| Costs not 55% Shared | | (11,057) | (11,057) | | | | | | | | (11,057) | |
| Owner's Adjustment | | 245,096 | 245,096 | | | | | | | | 245,097 | |
| Transmission Costs | | | | | | | | | | | | |
| Transmission Adjustment | | | | | | | | | | | | |
| Project Adjustment | 1,620 | 696,612 | 698,233 | (85,359) | - | 52,971 | 17,998 | 198,675 | 288,328 | (19,426) | 245,097 | |
| CONFIDENTIAL | | | | | | | | | | | | |
| Filing Per Application Docket No. 2015-103-4 | 1,620 | 696,612 | 5,246,637 | | | | | | | | | 329,512 |

Note - Several of the amounts noted above were calculated with an estimated DeEscalation rate, which will be tried up.

Summary of Owner's Cost Adjustments - Delay vs Non-Delay

| Budget Category | Total Variance | Delay Variance | Non-Delay Variance |
|---|-------------------|---------------------|--------------------|
| All Other | 50,638,343 | CONFIDENTIAL | |
| Direct SCANA Services | 40,546,783 | | |
| 108-Interns - Workforce Planning | 28,292 | | |
| 117-Generation Environmental Supp and 118 Gas Environmental Support | 8,440 | | |
| 126-Work Force Planning | 940,415 | | |
| 130-Corporate Communications: 130, 303,497,502, 670, 807 | 200,337 | | |
| 145-148 and 149 Transmission | 142,130 | | |
| 157-Regulatory Affairs Admin Gen | 172,868 | | |
| 174-Property Accounting and Corp Accounting Services | 204,643 | | |
| 1813-Audit Services Department | 385,392 | | |
| 212-Corporate Payables | 15,725 | | |
| 221-Land Management | 12,078 | | |
| 225-Resource Planning A&G | 407,158 | | |
| 265-Network Communications | (68,677) | | |
| 311-VCS HR Team | 950,992 | | |
| 351- and 817 Legal | 901,915 | | |
| 368-Technical Systems | 7,986 | | |
| 371-Livewell | 790 | | |
| 375-Compensation and Benefits | 802 | | |
| 392-& 444 SCANA & VCS1 Strategic Sourcing | 29,078 | | |
| 395-Supplier Strategy | 21 | | |
| 423-Tele Chargeback | (17,390) | | |
| 440-Office of Risk Management & Treasurer | (27,696) | | |
| 509-Telecommunications | (358,176) | | |
| 532- and 533 Power Delivery | 848,889 | | |
| 552-IST Chargeback CL | 895,938 | | |
| 604-SCANA University | 18 | | |
| 607-Aviation | (49,322) | | |
| 612-Transmission Planning | 44 | | |
| 788-Sumter Gas Operations | 318 | | |
| 804-Human Resource Team Mgmnt | - | | |
| 806-SCANA Legal Regulatory | 1,946,636 | | |
| 808-Government Affairs Econ Dev | 532,907 | | |
| 819-SCANA Community Affairs | 214 | | |
| 821-Marketing Information | 669 | | |
| 860-Civil Engineering | 43,043 | | |
| 932-Cola Trans Oper Maint | 1,097 | | |
| 955-Market & Operations Risk Dpt. | 944 | | |
| 984-SCANA Administration | (9,281) | | |
| 998-General | (2,588) | | |
| All-Corporate Offset Cost Centers | (69) | | |
| All-Unbudgeted SCANA Services Actuals <\$5000 | 2,028 | | |
| 231-248, 255, 322 and 467 Executive Oversight | 1,094,097 | | |

Summary of Owner's Cost Adjustments - Delay vs Non-Delay

| Budget Category | Total Variance | Delay Variance | Non-Delay Variance |
|---|-------------------|----------------|--------------------|
| 824-Corporate Insurance Department | 30,101,036 | | |
| 595-NND Legal | (2,704,626) | | |
| 812-Corporate Taxes | 3,907,669 | | |
| NND IST | 9,813,612 | | |
| VC Summer Unit 1 | 277,948 | | |
| 104-Design Engineering | (15) | | |
| 121-VCS IST Operations | 468 | | |
| 185-Nuclear Licensing | 238,874 | | |
| 199-Quality Systems VCS | 3,034 | | |
| 237-Plant Support Engineering | 3,020 | | |
| 245-Instrumentation Control VCS | 1,790 | | |
| 249-Planning Outage | - | | |
| 283-Engineering Services A and G | 208 | | |
| 527-Operations VCS Station | 24,185 | | |
| 660-Test Unit | 40 | | |
| 680-Station Operations A and G | - | | |
| 681-Business & Financial Services | 124 | | |
| 698-Nuclear Operating Cost Management | 4,647 | | |
| 730-Organizational Dev and Perf | 1,770 | | |
| 757-Welding and Civil | - | | |
| 826-Maintenance Projects VCS | - | | |
| All-Corporate Offset Cost Centers | (198) | | |
| NND-Operational Readiness | 94,937,225 | | |
| NND Operations | 26,337,699 | | |
| Operational Readiness | 41,687,577 | | |
| 1039-Emergency Response Unit | 5,062,578 | | |
| 1071-NND Metrology | 3,227,069 | | |
| 1072-NND Instrumentation and Controls | 14,290,398 | | |
| 1073-NND Mechanical Maintenance | 20,439,151 | | |
| 1074-NND Electrical Maintenance | 10,427,588 | | |
| 540-Unit 2&3 Business and Finance | (35,548) | | |
| 544-Unit 2&3 Docs and Controls | 749,450 | | |
| 657-Unit 2&3 Maintenance Administration | (31,579,391) | | |
| 658-Unit 2 & 3 Outage, Planning, and Scheduling | 16,977,801 | | |
| 682-Unit 2&3 OD&P | 184,989 | | |
| 683-Unit 2&3 QA | 2,052,260 | | |
| 684-Unit 2&3 Licensing | (522,741) | | |
| 825-NND Emergency Planning, 728 Emergency Planning and 977 Radio Networking | (2,357,786) | | |
| 827-0827-NND Security & 200 Nuclear Protection Services | 1,587,459 | | |
| 828-NND Chemistry and 234 Chemistry VC Summer | 2,813,665 | | |
| 896-NND Health Physics and 539 Health Physics | 5,540,513 | | |
| 9999-Operational Readiness | (7,169,877) | | |
| Operational Readiness-Engineering | 26,911,948 | | |

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Summary of Owner's Cost Adjustments - Delay vs Non-Delay

| Budget Category | Total Variance | Delay Variance | Non-Delay Variance |
|---|--------------------|---------------------|--------------------|
| 1035-Unit 2&3 Materials and Procurement | 440,600 | CONFIDENTIAL | |
| 1068-NND Organization Effectiveness | 4,143,444 | | |
| 1069-NND Start-UP | 3,930,122 | | |
| 543-Unit 2&3 Design Engineering | (6,008,668) | | |
| 545-Unit 2&3 Engineering Programs | (1,350,397) | | |
| 655-NND Operations Readiness | 25,127,530 | | |
| 656-Unit 2&3 Fuels, Analysis, PRA | 629,317 | | |
| NND-Oversight | 86,213,031 | | |
| NND Business & Finance | 686,272 | | |
| NND Construction | 28,879,600 | | |
| 622-Facilities Plan | 7,174,769 | | |
| 687-NND Construction | 21,704,831 | | |
| NND Engineering | 6,435,109 | | |
| NND Finance Admin | 2,649,728 | | |
| NND Licensing, Permits, & Inspections | 15,939,281 | | |
| NND Management Administration | 38,772,111 | | |
| NND Non Split | (11,056,582) | | |
| NND OD&P | 846,472 | | |
| NND QA | 3,061,040 | | |
| NND-Training | 13,307,227 | | |
| NND Training | 13,307,227 | | |
| Grand Total | 245,095,826 | 214,306,034 | 30,789,792 |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|--|-----------------|---------------------|-----------------|
| All Other | | | \$ 50,638,343 |
| Direct SCANA Services | | | \$ 40,546,783 |
| 108-Interns - Workforce Planning | | | \$ 28,292 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 28,192 |
| 2xx-Materials and Supplies | | | \$ 99 |
| 117-Generation Environmental Supp and 118 Gas Environmental Support | | | \$ 8,440 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (31,932) |
| 2xx-Materials and Supplies | | | \$ (4,736) |
| 3xx-Transportation | | | \$ 10,538 |
| 4xx-General Business Expense | | | \$ 57,396 |
| 5xx-Outside Services | | | \$ (22,842) |
| 6xx-Company Services | | | \$ 16 |
| 9xx-Accounting Transfers and Adjustments | | | \$ - |
| 126-Work Force Planning | | | \$ 940,415 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 904,533 |
| 2xx-Materials and Supplies | | | \$ 73 |
| 3xx-Transportation | | | \$ 18,852 |
| 4xx-General Business Expense | | | \$ 16,733 |
| 6xx-Company Services | | | \$ 224 |
| 130-Corporate Communications: 130, 303,497,502, 670, 807 | | | \$ 200,337 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 197,872 |
| 2xx-Materials and Supplies | | | \$ 55 |
| 3xx-Transportation | | | \$ 2,764 |
| 4xx-General Business Expense | | | \$ 3,266 |
| 5xx-Outside Services | | | \$ (3,758) |
| 6xx-Company Services | | | \$ 140 |
| 145-148 and 149 Transmission | | | \$ 142,130 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 42,052 |
| 2xx-Materials and Supplies | | | \$ 1,770 |
| 3xx-Transportation | | | \$ (5,180) |
| 4xx-General Business Expense | | | \$ 8,085 |
| 5xx-Outside Services | | | \$ 66,689 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 28,715 |
| 157-Regulatory Affairs Admin Gen | | | \$ 172,868 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 97,844 |
| 2xx-Materials and Supplies | | | \$ - |
| 4xx-General Business Expense | | | \$ 78,906 |
| 5xx-Outside Services | | | \$ (3,978) |
| 6xx-Company Services | | | \$ 96 |
| 174-Property Accounting and Corp Accounting Services | | | \$ 204,643 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 80,905 |
| 2xx-Materials and Supplies | | | \$ 123,465 |
| 3xx-Transportation | | | \$ 160 |
| 4xx-General Business Expense | | | \$ (88) |
| 6xx-Company Services | | | \$ 202 |
| 1813-Audit Services Department | | | \$ 385,392 |

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Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|---------------------|---------------------|--------------------|
| 1xx-Labor with pensions, benefits and taxes | CONFIDENTIAL | | \$ 396,448 |
| 2xx-Materials and Supplies | | | \$ 294 |
| 3xx-Transportation | | | \$ 4,023 |
| 4xx-General Business Expense | | | \$ 3,599 |
| 6xx-Company Services | | | \$ (18,972) |
| 212-Corporate Payables | | | \$ 15,725 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 15,964 |
| 3xx-Transportation | | | \$ - |
| 4xx-General Business Expense | | | \$ (239) |
| 221-Land Management | | | \$ 12,078 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 9,943 |
| 3xx-Transportation | | | \$ 604 |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ 1,531 |
| 225-Resource Planning A&G | | | \$ 407,158 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 392,569 |
| 3xx-Transportation | | | \$ 14,588 |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 265-Network Communications | | | \$ (68,677) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (60,744) |
| 2xx-Materials and Supplies | | | \$ (561,136) |
| 3xx-Transportation | | | \$ 552 |
| 4xx-General Business Expense | | | \$ 1,995 |
| 5xx-Outside Services | | | \$ 550,586 |
| 6xx-Company Services | | | \$ - |
| 9xx-Accounting Transfers and Adjustments | | | \$ 69 |
| 311-VCS HR Team | | | \$ 950,992 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 931,671 |
| 2xx-Materials and Supplies | | | \$ 204 |
| 3xx-Transportation | | | \$ 4,647 |
| 4xx-General Business Expense | | | \$ 6,119 |
| 5xx-Outside Services | | | \$ 4,972 |
| 6xx-Company Services | | | \$ 3,380 |
| 351- and 817 Legal | | | \$ 901,915 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 860,853 |
| 2xx-Materials and Supplies | | | \$ - |
| 3xx-Transportation | | | \$ (409) |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ 41,468 |
| 6xx-Company Services | | | \$ 3 |
| 368-Technical Systems | | | \$ 7,986 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 2,882 |
| 2xx-Materials and Supplies | | | \$ 3,028 |
| 3xx-Transportation | | | \$ 123 |
| 5xx-Outside Services | | | \$ 1,953 |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|--|-----------------|---------------------|-----------------|
| 371-Livewell | | | \$ 790 |
| 5xx-Outside Services | | | \$ 790 |
| 375-Compensation and Benefits | | | \$ 802 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 802 |
| 392-& 444 SCANA & VCS1 Strategic Sourcing | | | \$ 29,078 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 68,203 |
| 2xx-Materials and Supplies | | | \$ (565) |
| 3xx-Transportation | | | \$ 2,743 |
| 4xx-General Business Expense | | | \$ (504) |
| 5xx-Outside Services | | | \$ (34,172) |
| 6xx-Company Services | | | \$ (6,626) |
| 395-Supplier Strategy | | | \$ 21 |
| 3xx-Transportation | | | \$ 21 |
| 423-Tele Chargeback | | | \$ (17,390) |
| 6xx-Company Services | | | \$ (17,390) |
| 440-Office of Risk Management & Treasurer | | | \$ (27,696) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (26,979) |
| 3xx-Transportation | | | \$ (717) |
| 4xx-General Business Expense | | | \$ - |
| 509-Telecommunications | | | \$ (358,176) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (134,214) |
| 2xx-Materials and Supplies | | | \$ (50,699) |
| 3xx-Transportation | | | \$ 43,385 |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ (223,704) |
| 6xx-Company Services | | | \$ 6,688 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 369 |
| 532- and 533 Power Delivery | | | \$ 848,889 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 572,395 |
| 2xx-Materials and Supplies | | | \$ 58,996 |
| 3xx-Transportation | | | \$ 145,065 |
| 4xx-General Business Expense | | | \$ 1,518 |
| 5xx-Outside Services | | | \$ 63,405 |
| 6xx-Company Services | | | \$ 465 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 7,045 |
| 552-IST Chargeback CL | | | \$ 895,938 |
| 6xx-Company Services | | | \$ 895,938 |
| 604-SCANA University | | | \$ 18 |
| 3xx-Transportation | | | \$ 18 |
| 607-Aviation | | | \$ (49,322) |
| 3xx-Transportation | | | \$ (49,322) |
| 612-Transmission Planning | | | \$ 44 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 9xx-Accounting Transfers and Adjustments | | | \$ 44 |
| 788-Sumter Gas Operations | | | \$ 318 |
| 4xx-General Business Expense | | | \$ 318 |

CONFIDENTIAL

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|-----------------|---------------------|-----------------|
| 804-Human Resource Team Mgmt | | | \$ - |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 806-SCANA Legal Regulatory | | | \$ 1,946,636 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 499,677 |
| 3xx-Transportation | | | \$ 422 |
| 4xx-General Business Expense | | | \$ 176 |
| 5xx-Outside Services | | | \$ 1,445,819 |
| 6xx-Company Services | | | \$ 542 |
| 808-Government Affairs Econ Dev | | | \$ 532,907 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (80,505) |
| 5xx-Outside Services | | | \$ 613,412 |
| 819-SCANA Community Affairs | | | \$ 214 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 214 |
| 821-Marketing Information | | | \$ 669 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 669 |
| 860-Civil Engineering | | | \$ 43,043 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 42,748 |
| 3xx-Transportation | | | \$ 52 |
| 4xx-General Business Expense | | | \$ 243 |
| 932-Cola Trans Oper Maint | | | \$ 1,097 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 757 |
| 3xx-Transportation | | | \$ 327 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 14 |
| 955-Market & Operations Risk Dpt. | | | \$ 944 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (297) |
| 3xx-Transportation | | | \$ 1,241 |
| 6xx-Company Services | | | \$ - |
| 984-SCANA Administration | | | \$ (9,281) |
| 3xx-Transportation | | | \$ (20,388) |
| 6xx-Company Services | | | \$ 11,107 |
| 998-General | | | \$ (2,588) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (2,588) |
| All-Corporate Offset Cost Centers | | | \$ (69) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (69) |
| 4xx-General Business Expense | | | \$ - |
| 6xx-Company Services | | | \$ - |
| All-Unbudgeted SCANA Services Actuals <\$5000 | | | \$ 2,028 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,115 |
| 2xx-Materials and Supplies | | | \$ 195 |
| 3xx-Transportation | | | \$ 186 |
| 4xx-General Business Expense | | | \$ 492 |
| 5xx-Outside Services | | | \$ - |
| 6xx-Company Services | | | \$ 40 |
| 9xx-Accounting Transfers and Adjustments | | | \$ - |
| 231-248, 255, 322 and 467 Executive Oversight | | | \$ 1,094,097 |

CONFIDENTIAL

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|-----------------|---------------------|-----------------------|
| 1xx-Labor with pensions, benefits and taxes | | | \$ 709,756 |
| 2xx-Materials and Supplies | | | \$ (580) |
| 3xx-Transportation | | | \$ 5,612 |
| 4xx-General Business Expense | | | \$ (13,197) |
| 5xx-Outside Services | | | \$ 399,888 |
| 6xx-Company Services | | | \$ 742 |
| 9xx-Accounting Transfers and Adjustments | | | \$ (8,124) |
| 824-Corporate Insurance Department | | | \$ 30,101,036 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 131,754 |
| 2xx-Materials and Supplies | | | \$ (201) |
| 3xx-Transportation | | | \$ (336) |
| 4xx-General Business Expense | | | \$ 25,525,059 |
| 5xx-Outside Services | | | \$ 4,444,421 |
| 6xx-Company Services | | | \$ 339 |
| 9xx-Accounting Transfers and Adjustments | | | \$ - |
| 595-NND Legal | | | \$ (2,704,626) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 321,960 |
| 3xx-Transportation | | | \$ (397) |
| 4xx-General Business Expense | | | \$ 3,630 |
| 5xx-Outside Services | | | \$ (3,030,407) |
| 6xx-Company Services | | | \$ 588 |
| 812-Corporate Taxes | | | \$ 3,907,669 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 50,812 |
| 3xx-Transportation | | | \$ 730 |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ 74,996 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 3,781,131 |
| NND IST | | | \$ 9,813,612 |
| 1019-NND IST Operations and Chargeback | | | \$ 9,813,612 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 2xx-Materials and Supplies | | | \$ (3,996,756) |
| 3xx-Transportation | | | \$ (3,101) |
| 4xx-General Business Expense | | | \$ 113,139 |
| 5xx-Outside Services | | | \$ 124,899 |
| 6xx-Company Services | | | \$ 7,134,315 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 6,441,116 |
| VC Summer Unit 1 | | | \$ 277,948 |
| 104-Design Engineering | | | \$ (15) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 2xx-Materials and Supplies | | | \$ (15) |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 121-VCS IST Operations | | | \$ 468 |
| 4xx-General Business Expense | | | \$ 468 |
| 185-Nuclear Licensing | | | \$ 238,874 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 223,535 |

CONFIDENTIAL

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|---------------------|---------------------|-----------------|
| 3xx-Transportation | CONFIDENTIAL | | \$ 1,261 |
| 4xx-General Business Expense | | | \$ 14,077 |
| 199-Quality Systems VCS | | | \$ 3,034 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 3,034 |
| 3xx-Transportation | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 237-Plant Support Engineering | | | \$ 3,020 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 2,679 |
| 4xx-General Business Expense | | | \$ 341 |
| 245-Instrumentation Control VCS | | | \$ 1,790 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,790 |
| 249-Planning Outage | | | \$ - |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 283-Engineering Services A and G | | | \$ 208 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 2xx-Materials and Supplies | | | \$ 208 |
| 4xx-General Business Expense | | | \$ - |
| 527-Operations VCS Station | | | \$ 24,185 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 24,185 |
| 3xx-Transportation | | | \$ - |
| 4xx-General Business Expense | | | \$ - |
| 660-Test Unit | | | \$ 40 |
| 4xx-General Business Expense | | | \$ 40 |
| 680-Station Operations A and G | | | \$ - |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 4xx-General Business Expense | | | \$ - |
| 681-Business & Financial Services | | | \$ 124 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 2xx-Materials and Supplies | | | \$ 124 |
| 3xx-Transportation | | | \$ - |
| 4xx-General Business Expense | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 6xx-Company Services | | | \$ - |
| 698-Nuclear Operating Cost Management | | | \$ 4,647 |
| 2xx-Materials and Supplies | | | \$ 4,647 |
| 730-Organizational Dev and Perf | | | \$ 1,770 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,770 |
| 757-Welding and Civil | | | \$ - |
| 2xx-Materials and Supplies | | | \$ - |
| 5xx-Outside Services | | | \$ - |
| 826-Maintenance Projects VCS | | | \$ - |
| 4xx-General Business Expense | | | \$ - |
| All-Corporate Offset Cost Centers | | | \$ (198) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (198) |
| NND-Operational Readiness | | | \$ 94,937,225 |
| NND Operations | | | \$ 26,337,699 |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|---------------------|---------------------|-----------------|
| 659-NND Control Room Operations | CONFIDENTIAL | | \$ 26,337,699 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 26,018,402 |
| 2xx-Materials and Supplies | | | \$ 67,635 |
| 3xx-Transportation | | | \$ 3,867 |
| 4xx-General Business Expense | | | \$ 221,243 |
| 5xx-Outside Services | | | \$ (173,800) |
| 6xx-Company Services | | | \$ 200,434 |
| 9xx-Accounting Transfers and Adjustments | | | \$ (81) |
| Operational Readiness | | | \$ 41,687,577 |
| 1039-Emergency Response Unit | | | \$ 5,062,578 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 3,692,803 |
| 2xx-Materials and Supplies | | | \$ 1,134,323 |
| 3xx-Transportation | | | \$ 5,056 |
| 4xx-General Business Expense | | | \$ 142,375 |
| 5xx-Outside Services | | | \$ 20,200 |
| 6xx-Company Services | | | \$ 67,821 |
| 1071-NND Metrology | | | \$ 3,227,069 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,342,643 |
| 2xx-Materials and Supplies | | | \$ 1,810,294 |
| 4xx-General Business Expense | | | \$ 35,700 |
| 5xx-Outside Services | | | \$ 10,749 |
| 6xx-Company Services | | | \$ 27,684 |
| 1072-NND Instrumentation and Controls | | | \$ 14,290,398 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 13,154,674 |
| 2xx-Materials and Supplies | | | \$ 407,783 |
| 3xx-Transportation | | | \$ 7,989 |
| 4xx-General Business Expense | | | \$ 208,764 |
| 5xx-Outside Services | | | \$ 252,195 |
| 6xx-Company Services | | | \$ 258,992 |
| 1073-NND Mechanical Maintenance | | | \$ 20,439,151 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 13,367,404 |
| 2xx-Materials and Supplies | | | \$ 5,495,685 |
| 3xx-Transportation | | | \$ 21,079 |
| 4xx-General Business Expense | | | \$ 337,367 |
| 5xx-Outside Services | | | \$ 938,186 |
| 6xx-Company Services | | | \$ 279,431 |
| 1074-NND Electrical Maintenance | | | \$ 10,427,588 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 8,873,577 |
| 2xx-Materials and Supplies | | | \$ 985,087 |
| 3xx-Transportation | | | \$ 7,715 |
| 4xx-General Business Expense | | | \$ 294,387 |
| 5xx-Outside Services | | | \$ 80,995 |
| 6xx-Company Services | | | \$ 185,827 |
| 540-Unit 2&3 Business and Finance | | | \$ (35,548) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (17,338) |
| 2xx-Materials and Supplies | | | \$ (1,293) |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|--|-----------------|---------------------|------------------------|
| 3xx-Transportation | CONFIDENTIAL | | \$ (615) |
| 4xx-General Business Expense | | | \$ (4,868) |
| 6xx-Company Services | | | \$ (11,433) |
| 544-Unit 2&3 Docs and Controls | | | \$ 749,450 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 637,926 |
| 2xx-Materials and Supplies | | | \$ 57,865 |
| 3xx-Transportation | | | \$ (1,199) |
| 4xx-General Business Expense | | | \$ 20,013 |
| 5xx-Outside Services | | | \$ 5,913 |
| 6xx-Company Services | | | \$ 24,556 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 4,376 |
| 657-Unit 2&3 Maintenance Administration | | | \$ (31,579,391) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (28,404,898) |
| 2xx-Materials and Supplies | | | \$ (3,149,701) |
| 3xx-Transportation | | | \$ (18,010) |
| 4xx-General Business Expense | | | \$ (314,429) |
| 5xx-Outside Services | | | \$ 588,887 |
| 6xx-Company Services | | | \$ (281,239) |
| 658-Unit 2 & 3 Outage, Planning, and Scheduling | | | \$ 16,977,801 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 15,448,620 |
| 2xx-Materials and Supplies | | | \$ 54,671 |
| 3xx-Transportation | | | \$ 21,790 |
| 4xx-General Business Expense | | | \$ 636,935 |
| 5xx-Outside Services | | | \$ 411,760 |
| 6xx-Company Services | | | \$ 403,977 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 47 |
| 682-Unit 2&3 OD&P | | | \$ 184,989 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 196,148 |
| 2xx-Materials and Supplies | | | \$ (1,241) |
| 3xx-Transportation | | | \$ (434) |
| 4xx-General Business Expense | | | \$ (5,975) |
| 5xx-Outside Services | | | \$ 7,488 |
| 6xx-Company Services | | | \$ (10,998) |
| 683-Unit 2&3 QA | | | \$ 2,052,260 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,321,541 |
| 2xx-Materials and Supplies | | | \$ 98,336 |
| 3xx-Transportation | | | \$ 3,107 |
| 4xx-General Business Expense | | | \$ 31,508 |
| 5xx-Outside Services | | | \$ 596,287 |
| 6xx-Company Services | | | \$ 1,480 |
| 684-Unit 2&3 Licensing | | | \$ (522,741) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (497,473) |
| 2xx-Materials and Supplies | | | \$ (727) |
| 3xx-Transportation | | | \$ 608 |
| 4xx-General Business Expense | | | \$ (8,003) |
| 5xx-Outside Services | | | \$ (809) |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|--|-----------------|---------------------|-----------------------|
| 6xx-Company Services | | | \$ (16,337) |
| 825-NND Emergency Planning, 728 Emergency Planning and 977 Radio Networking | | | \$ (2,357,786) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (2,700,124) |
| 2xx-Materials and Supplies | | | \$ (896,044) |
| 3xx-Transportation | | | \$ 1,525 |
| 4xx-General Business Expense | | | \$ 739,391 |
| 5xx-Outside Services | | | \$ 81,230 |
| 6xx-Company Services | | | \$ 400,895 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 15,341 |
| 827-0827-NND Security & 200 Nuclear Protection Services | | | \$ 1,587,459 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,830,657 |
| 2xx-Materials and Supplies | | | \$ 165,928 |
| 3xx-Transportation | | | \$ 25,675 |
| 4xx-General Business Expense | | | \$ (101,889) |
| 5xx-Outside Services | | | \$ (386,603) |
| 6xx-Company Services | | | \$ 53,693 |
| 9xx-Accounting Transfers and Adjustments | | | \$ (1) |
| 828-NND Chemistry and 234 Chemistry VC Summer | | | \$ 2,813,665 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 2,576,744 |
| 2xx-Materials and Supplies | | | \$ 167,393 |
| 3xx-Transportation | | | \$ 1,070 |
| 4xx-General Business Expense | | | \$ 5,824 |
| 5xx-Outside Services | | | \$ 33,023 |
| 6xx-Company Services | | | \$ 29,612 |
| 896-NND Health Physics and 539 Health Physics | | | \$ 5,540,513 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 4,893,307 |
| 2xx-Materials and Supplies | | | \$ 636,968 |
| 3xx-Transportation | | | \$ (1,787) |
| 4xx-General Business Expense | | | \$ (23,862) |
| 5xx-Outside Services | | | \$ (43,286) |
| 6xx-Company Services | | | \$ 66,256 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 12,917 |
| 9999-Operational Readiness | | | \$ (7,169,877) |
| 2xx-Materials and Supplies | | | \$ (7,169,877) |
| Operational Readiness-Engineering | | | \$ 26,911,948 |
| 1035-Unit 2&3 Materials and Procurement | | | \$ 440,600 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 638,408 |
| 2xx-Materials and Supplies | | | \$ (5,422) |
| 3xx-Transportation | | | \$ (1,223) |
| 4xx-General Business Expense | | | \$ (1,546) |
| 5xx-Outside Services | | | \$ (158,290) |
| 6xx-Company Services | | | \$ (31,375) |
| 9xx-Accounting Transfers and Adjustments | | | \$ 47 |
| 1068-NND Organization Effectiveness | | | \$ 4,143,444 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 3,420,889 |

CONFIDENTIAL

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|-----------------|---------------------|-----------------------|
| 2xx-Materials and Supplies | | | \$ 494 |
| 3xx-Transportation | | | \$ 2,218 |
| 4xx-General Business Expense | | | \$ 675,603 |
| 5xx-Outside Services | | | \$ 14,816 |
| 6xx-Company Services | | | \$ 29,424 |
| 1069-NND Start-UP | | | \$ 3,930,122 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 3,049,453 |
| 2xx-Materials and Supplies | | | \$ 951 |
| 3xx-Transportation | | | \$ 7,809 |
| 4xx-General Business Expense | | | \$ 193,698 |
| 5xx-Outside Services | | | \$ 642,017 |
| 6xx-Company Services | | | \$ 36,194 |
| 543-Unit 2&3 Design Engineering | | | \$ (6,008,668) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (5,515,481) |
| 2xx-Materials and Supplies | | | \$ (12,558) |
| 3xx-Transportation | | | \$ (16,938) |
| 4xx-General Business Expense | | | \$ (131,862) |
| 5xx-Outside Services | | | \$ (146,917) |
| 6xx-Company Services | | | \$ (184,912) |
| 545-Unit 2&3 Engineering Programs | | | \$ (1,350,397) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ (1,263,533) |
| 2xx-Materials and Supplies | | | \$ (2,194) |
| 3xx-Transportation | | | \$ (3,359) |
| 4xx-General Business Expense | | | \$ (31,666) |
| 5xx-Outside Services | | | \$ (12,491) |
| 6xx-Company Services | | | \$ (37,153) |
| 655-NND Operations Readiness | | | \$ 25,127,530 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 21,662,614 |
| 2xx-Materials and Supplies | | | \$ 363,735 |
| 3xx-Transportation | | | \$ 46,252 |
| 4xx-General Business Expense | | | \$ 884,814 |
| 5xx-Outside Services | | | \$ 1,787,937 |
| 6xx-Company Services | | | \$ 382,231 |
| 9xx-Accounting Transfers and Adjustments | | | \$ (52) |
| 656-Unit 2&3 Fuels, Analysis, PRA | | | \$ 629,317 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 710,932 |
| 2xx-Materials and Supplies | | | \$ (3,321) |
| 3xx-Transportation | | | \$ (19,812) |
| 4xx-General Business Expense | | | \$ (1,364) |
| 5xx-Outside Services | | | \$ (42,734) |
| 6xx-Company Services | | | \$ (14,383) |
| NND-Oversight | | | \$ 86,213,031 |
| NND Business & Finance | | | \$ 686,272 |
| 232-NND Business & Financial Service | | | \$ 686,272 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 495,271 |
| 2xx-Materials and Supplies | | | \$ (299,283) |

CONFIDENTIAL

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|---|-----------------|---------------------|----------------------|
| 3xx-Transportation | CONFIDENTIAL | CONFIDENTIAL | \$ (14,054) |
| 4xx-General Business Expense | | | \$ (27,300) |
| 5xx-Outside Services | | | \$ 540,839 |
| 6xx-Company Services | | | \$ (9,201) |
| 9xx-Accounting Transfers and Adjustments | | | \$ - |
| NND Construction | | | \$ 28,879,600 |
| 622-Facilities Plan | | | \$ 7,174,769 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ - |
| 2xx-Materials and Supplies | | | \$ 410,054 |
| 4xx-General Business Expense | | | \$ (29,460) |
| 5xx-Outside Services | | | \$ (6,124,072) |
| 6xx-Company Services | | | \$ 372,917 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 12,545,330 |
| 687-NND Construction | | | \$ 21,704,831 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 5,564,243 |
| 2xx-Materials and Supplies | | | \$ 33,861 |
| 3xx-Transportation | | | \$ 257,292 |
| 4xx-General Business Expense | | | \$ 334,059 |
| 5xx-Outside Services | | | \$ 14,429,304 |
| 6xx-Company Services | | | \$ 540,179 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 545,892 |
| NND Engineering | | | \$ 6,435,109 |
| 197-NND Engineering | | | \$ 6,435,109 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 482,680 |
| 2xx-Materials and Supplies | | | \$ 4,751 |
| 3xx-Transportation | | | \$ 20,368 |
| 4xx-General Business Expense | | | \$ 4,820 |
| 5xx-Outside Services | | | \$ 5,973,208 |
| 6xx-Company Services | | | \$ (50,716) |
| NND Finance Admin | | | \$ 2,649,728 |
| 1021-NND Finance | | | \$ 2,649,728 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 2,607,269 |
| 2xx-Materials and Supplies | | | \$ 15,988 |
| 3xx-Transportation | | | \$ 2,876 |
| 4xx-General Business Expense | | | \$ 8,076 |
| 5xx-Outside Services | | | \$ (6,149) |
| 6xx-Company Services | | | \$ 21,668 |
| NND Licensing, Permits, & Inspections | | | \$ 15,939,281 |
| 209-NND Nuclear Licensing | | | \$ 15,939,281 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 2,334,614 |
| 2xx-Materials and Supplies | | | \$ 3,991 |
| 3xx-Transportation | | | \$ 4,775 |
| 4xx-General Business Expense | | | \$ 10,935,413 |
| 5xx-Outside Services | | | \$ 2,626,752 |
| 6xx-Company Services | | | \$ 33,465 |
| 9xx-Accounting Transfers and Adjustments | | | \$ 271 |

Summary of Owner's Cost Adjustments - Labor vs Non-Labor

| Description by Department and Summary Resource Code | Labor Increases | Non-Labor Increases | Total Increases |
|--|---------------------|---------------------|-----------------|
| NND Management Administration | CONFIDENTIAL | | \$ 38,772,111 |
| 727-New Nuclear Deployment | | | \$ 38,772,111 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 22,537,408 |
| 2xx-Materials and Supplies | | | \$ 28,279 |
| 3xx-Transportation | | | \$ 7,255 |
| 4xx-General Business Expense | | | \$ 13,297,582 |
| 5xx-Outside Services | | | \$ 6,190,149 |
| 6xx-Company Services | | | \$ 499,760 |
| 7xx-Land and Land Rights | | | \$ - |
| 9xx-Accounting Transfers and Adjustments | | | \$ (3,788,322) |
| NND Non Split | | | \$ (11,056,582) |
| 1111-NND Non Split | | | \$ (11,056,582) |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 808,507 |
| 2xx-Materials and Supplies | | | \$ (8,937) |
| 3xx-Transportation | | | \$ 56,118 |
| 4xx-General Business Expense | | | \$ (10,301,744) |
| 5xx-Outside Services | | | \$ (109,835) |
| 9xx-Accounting Transfers and Adjustments | | | \$ (1,500,692) |
| NND OD&P | | | \$ 846,472 |
| 839-NND Organizational Dev and Perf | | | \$ 846,472 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 964,249 |
| 2xx-Materials and Supplies | | | \$ 246 |
| 3xx-Transportation | | | \$ (2,372) |
| 4xx-General Business Expense | | | \$ (27,133) |
| 5xx-Outside Services | | | \$ (63,330) |
| 6xx-Company Services | | | \$ (25,189) |
| NND QA | | | \$ 3,061,040 |
| 233-NND Quality Assurance | | | \$ 3,061,040 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 1,657,007 |
| 2xx-Materials and Supplies | | | \$ 5,473 |
| 3xx-Transportation | | | \$ (83) |
| 4xx-General Business Expense | | | \$ 193,856 |
| 5xx-Outside Services | | | \$ 1,204,141 |
| 6xx-Company Services | | | \$ 646 |
| 9xx-Accounting Transfers and Adjustments | | | \$ - |
| NND-Training | | | \$ 13,307,227 |
| NND Training | | | \$ 13,307,227 |
| 285-NND Training and 252 Nuclear Ops Training | | | \$ 13,307,227 |
| 1xx-Labor with pensions, benefits and taxes | | | \$ 12,320,286 |
| 2xx-Materials and Supplies | | | \$ (46,832) |
| 3xx-Transportation | | | \$ 21,496 |
| 4xx-General Business Expense | | | \$ 194,765 |
| 5xx-Outside Services | | | \$ 664,930 |
| 6xx-Company Services | | | \$ 154,441 |
| 9xx-Accounting Transfers and Adjustments | | | \$ (1,858) |
| Grand Total | \$ 140,491,482 | \$ 104,604,343 | \$ 245,095,826 |